THE

AGRARIAN PROBLEMS

OF

MADRAS PROVINCE

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THE AGRARIAN PROBLEMS OF MADRAS PROVINCE

BY

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With a Foreword

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Dedicated
to
The Rural Poor and to all those
who have lived and died to raise them in
status and welfare

FOREWORD

It is well known that the character of a nation is largely dependent upon its geographical conditions as well as historical traditions. If England is full of adventure, it is because it is an island with little of agricultural resources and its people are left to mere adventure and a life of piracy on the high-seas. That was so till the 16th century. But later, the piracy extended to the whole world and imperialism is only another name to it. The Greeks cultivated their artistic taste and their arcadian simplicity on account of their climatic conditions, while the Romans developed their rule of law and order by reason of their situation and political environment. If India is a tract of agricultural country in which nearly 80 per cent. of the people labour and live on land, the circumstances are due to the bounteousness of nature on the one hand and the indulgence of the climate on the other. When such a large proportion of population lives on land, the character of the nation necessarily depends upon the conditions that favour the profession of agriculture and the fertility of the land, or briefly on the vigour and foresight with which land and water are wedded together by the high priest of energy and strengthened by manure.

It is the system of tenures and tenancies, the principles of taxation, the measure of productivity, that in reality account for the prosperity of the people and the efficiency of the socio-economic system. Is it not highly regrettable then, that so far no systematic study of land tenures should have been made by either Government or by scholars and savants of Universities with a view to promoting national efficiency and national solidarity? Foreigners did study the land system, but they had their own plans and purposes in doing so. Latterly, a number of administrators and professors have addressed themselves to this subject, and village reconstruction has begun to attract public attention. It is, therefore, a matter for sincere congratulation that a young friend should have taken this subject of land tenures as the thesis for his Ph. D. degree of the University of Bombay.

Dr. V. V. Sayana, who is a native of the Godavari district, has taken immense pains to study the system of land tenures in the

Madras Presidency which vary through a wide range from the ryotwari system introduced by Sir Thomas Munro in 1820 to the Zamindari system which was the legacy of Lord Cornwallis to India, and in between the numerous manifestations and variants of these two in different parts of the Presidency, such as Malabar, South Kanara and Tamilnad. The country itself exhibits different types of soil and surface, being rocky in one place and alluvial in another, growing food in one region and commercial crops in another, presenting wet-cultivation in one district and dry in another.

The author's thesis makes most interesting reading because it brings within the purview of a hypothesis, if not of a theory, the facts that you have picked up in life over a wide range of time and a vast range of territory. In the course of administration, you are suddenly introduced to expressions, the full significance of which you may not understand, such as *Kharif* and *Rabi* crops, wet and dry cultivation, black cotton soil and rich red soil, food crops, garden crops and money crops. But when all these are systematised and brought within the compass of serious study in a proper geographical and climatic setting, you have before you not merely a thesis but a whole science built up from bottom to top and covering a comprehensive study of forests and waste land, cultivated land and cultivable waste, sandy and loamy soils, rainfed-and canal-fed areas, rotation of crops and selection of seed.

In the tenures themselves, there are different types as the Ryotwari and the Zamindari, the latter beginning with the Zamindars as the revenue farmer under Government and a number of feudal intermediaries under the Zamindar, such as *Mokhasadar, Ilaqadar, Munsabdar, Muafidar, Pattadar,* and ultimately the actual cultivator.

Agriculture presents numerous problems relating not merely to soil and surface, not merely to problems of crops and irrigation but to the question of reclaiming forest land and land on mountain heights and, therefore, incidentally, the student and the administrator are introduced to allied problems of malaria and the combating of the mosquito. There are whole belts in India in the sub-Himalayan terrain, in the infra Tibetan areas, in the deltaic tracts of Orissa and Andhra and elsewhere which would become cultivable if only mosquito is conquered and the malarial parasite

killed. There was a time when that beautiful place, Coonoor, standing at a height of 4,900 ft. above sea-level on the Nilgiris, was malarial, but the disease has been conquered, and if the agency of Jeypore in Andhra in the Vizagapatam district is likewise reclaimed, there is a whole treasure of cultivable land awaiting exploration by the Andhras.

Then again, the study of soils—alluvial, loamy, clayey, red feruginous, white gray and gravelly—really forms the more interesting aspect of agricultural study, and the study of soils is to be followed by a study of manures naturally obtainable in the neighbourhood of the particular agricultural land or of artificial manures or green leaf or compost prepared on scientific lines. The rainfal itself varies in the Province from 120" to 130" in Malabar to 45" in the Kistna and Godavari districts, and 20" in the Ceded Districts (Rayalaseema). But fertility is not directly related to rainfall, though it is indirectly dependent upon it. In the Ceded Districts, you have rich soil; only the tanks must be full and the minor irrigation works kept in good repair. The soil is rich, porous and fertile, but water is wanting.

Then again, soil requires drainage as much as irrigation. It is said that 80,000 acres of land are going out of cultivation every year in Punjab owing to water-logging or soil alkalinity (thur). The subsoil water is rising in the Ravi-Jhelum Tract dangerously high, being but 7 inches below the surface of the earth. In U. P. the total area of *Usar* and *Reh* land is at the lowest estimate 2,037,119 acres. The damage done to grazing lands is not less serious. While two acres per head of cattle are considered the minimum for grazing in the U. P., there are nearly five and half animals for every acre of land *i.e.*, eleven times more than the minimum required. Agriculture is a composite subject covering not merely mechanical, but agronomical and chemical questions which must be studied before it can yield the food required for a country.

The problem of food in recent years has come to occupy the foremost place in the economic studies of the country during the time of the war and after. Wars have the knack of exposing the weak points of countries and when suddenly the natural processes of production and distribution are rudely disturbed by the unnatural conditions set up by war, the very people whose country enjoys a

reputation of being the granary of the nation becomes deprived of its sources of food owing to its rapid mobilisation of the latter, and sometimes even a man-made famine is experienced as in Bengal in 1943. But more than the problem of peace and war, the nature of the crops claims attention at the hands of scholars and administrators. In recent years, the growth of Virginia tobacco on a wide scale covering miles of acres in South India has led to a conversion of food crops into money-crops and, while people have plenty of money jingling in their hands, their stomachs are pinched for want of suitable food. Between ground-nut and sugar-cane, between tobacco and jute, the food-crops have been squeezed out and those who find their pockets full, notice also that their stomachs are empty. Where tobacco is being grown today, maize and millet used to be grown in abundance once.

The distribution of population is another point to be noticed, and the large migrations that have been unexpectedly taking place in recent months have added considerable difficulties incidentally to the supply of food in this province. The density of population varies from district to district, and a proper study of the subject may help in mobilising the people from the denser areas to the less dense ones, so that it is possible to make an equitable supply of food to all. Conditions in Malabar may be studied in this connection, because the type of soils and surface met with there is rarely found elsewhere in the province. When we speak of Malabar, we speak of Travancore and Cochin as well, where cultivation is of three types on the three tiers into which land is arranged, the topmost one, say four acres, growing a coconut garden, the next level of 3 acres in extent being a dry-crop area, and the lowest one (another three acres) being wet-crop land.

The economic set-up of a country is largely shaped by the growth and result of adjustment of natural conditions of soil and surface, of climate and weather. In our country, we had witnessed the worst famines in the 19th Century after the British had come into this land, and the study of famine became a science by itself. Before the impact of Western civilisation and the import of large-scale consumer goods, we had a mixed economy in the villages so that the farmer was a weaver and the weaver was a farmer, and what was true of a weaver is true of every other craftsman. People worked with their hands in their homes and produced articles of consumption,

and every potter and cobbler, every smith and carpenter, every weaver and spinner, every barber and dhobi, every priest and physician, while working with his hands during the off-season, went out to the fields and cultivated lands himself, and thus agriculture and industry or professions received consecutive attention and really made a happy combination. Since the advent of British civilisation and contact with the West, the crafts had suffered as people had begun to import their cups and saucers, their shoes and boots, their chisels and hammers, their fabrics and fashions, and all their needs from morn to night, leaving little to be done by the craftsman of the village who was thrown back exclusively upon the soil and proved an unbearable burden to land and agriculture. It was thus that the cultivator cultivating his own land became a lessee cultivating other's lands after losing his own to his creditors. When this class of people increased in numbers, he became the agricultural-cooly. When, again, this class became too numerous, he migrated to the town and became the industrial labourer living in slums, sleeping on pavements, separated from his family, contacting diseases and falling a victim to ill-health, squalor and misery. It was thus that the towns became congested and the villages became depleted and the whole economic system of the country became upset.

Even those that remained in the village had to remain at the beck and call of the landlords, being mostly tenants in the Zamindaris which occupied a third of Madras, considerable parts of Bihar and U. P., and the whole of Bengal according to the Permanent Settlement. But their lot had been improved since 1908 with the conferring of occupancy rights to the cultivating tenants for the first time. The Zamindari system was a deliberate attempt by Lord Cornwallis to create a feudal system so as to facilitate the rule of the country by a foreigner and to create a heirarchy of social and economic units easy to control. It is worthwhile quoting here what Cornwallis wrote in a despatch to the Board of Directors of the East India Company in regard to "Permanent Settlement." He said:

> " Independent of all considerations, I can assure you that it will be of the utmost importance for promoting the interests of the company that a regular gradation of rank may be supported which is nowhere necessary than in this country for preserving order in civil society. "

This he wrote in 1822. Mal-distribution of farm income, thus established, led to rural poverty, indebtedness and agrarian discontent in the provinces, as is rightly pointed out by the author. The advent of the Congress Government has necessitated a close study of the systems of tenure and the abolition of the Zamindari and the inam-systems. Under the Zamindari system, the zamindar was permittted only to take amounts ranging about 1/3 of the gross produce which was assumed to be the share paid to the Government by the cultivators based on the average of the previous 130 years. In a century and a half, the proportions became reversed. While the Zamindar is keeping 2/3, the Government is only getting 1/3 now. This inequitable system is in the process of revision at present in the form of Zamindari Bills both in Bihar and in Madras. In the Ceded Districts, the Zamindars are called Poligars who gave a lot of trouble at one time, and Sir Thomas Munro wrote that " the country is over-run with Poligars and I am trying with the help of Dugald Cambell, the General of the Division here, to get rid of them ".

Besides actual *zamindaris,* there were *Srotriams, Agraharams,* full village *Inams, Jagirs* and *Manyams.* The number of personal inams is only about 3,00,000 of which 1,00,000 are below three acres. The inams gradually became reduced, until an Inams Settlement Commission was appointed in the year 1858 to make a detailed investigation into the nature of the inams and their title-deeds. They fall under various headings, such as those belonging to religious institutions, those manned for public utility services, those held for the support of irrigation, those granted to Brahmins for personal benefit, those which were owned by hereditary office-bearers by way of bonus and salaries, those which belong to the kinsmen and dependents and followers of former Poligars and Zamindars, those who did police work, those who belong to village officials, and those held by artisans and craftsmen. In Malabar, the tenures are slightly different. The original tenures are the same, but only the names and gradations are different. The Zamindar is called *Janmi* under whom exists the *Konamdar* and under him you have the *Verum Pattamdar.*

In the Madras Presidency, you are suddenly confronted also with an altogether different type of land and of cultivation such as you meet with in the Agency areas, notably in the East Godavary and the Vizagapatam districts. The so-called Agency itself occupies 18½ per cent. of the area in the province, and the Koyas or the hill-tribes

hold the land with its peculiar features of joint village ownership and of inalienability of land without previous sanction of the Government. The *Ryotwari* tenure is well known and needs no description beyond the fact that between the Pattadar and the Government there is no intermediary, while the Pattadar himself becomes an intermediary between the cultivating tenant and Government.

It will thus be seen that when the Zamindari system was introduced, the main object was to simplify and regulate the demands of the landlords upon the tenants as a first step to which it was deemed desirable to fix the demand of the Government itself. That was how the *Peshkash* was decided, but very soon, it has been found that the continuance of the zamindari system was a fruitful source of loss of revenue to the Government—a real complication owing to the *zulum* exercised by the Zamindar himself upon the tenants. The total rent received by the Zamindars in the Southern Province is about Rs. 232 6 lakhs while the *Peshkash* paid is only Rs. 41.2 lakhs. It is this disparity that necessitated a re-arrangement under the Congress Government. Thus, land alone has not been the source of dispute, but the mineral resources, fisheries and the navigable rivers, forests, water-sources, canal bunds, tank beds have all complicated the economic system.

It is not, however, the purpose of a Preface-writer to summarise the contents of the book which he introduces to the public, but one cannot really introduce the author without giving a foretaste of the subject with which he deals. Peculiar interest indeed is attached to the subject which may well be regarded as virgin soil which is being cultivated for the first time by the author and an abounding yield of crop is naturally expected. The subjects dealt with in the book cover a wide range, such as problems of tenancy, agricultural labour, land transfers, and so on. The Universities must always address themselves to the turning up of the soil of knowledge to promote the sciences of Agriculture and Agricultural Economics both of which have been subjected to gross neglect despite the fact that 4/5 of the population is deeply interested in them directly, while the remaining 1/5 is equally interested though indirectly. This thesis is, therefore, to be welcomed as it is marked not merely by deep study and laborious research but displays a living interest in the problems

dealt with, not merely of a scholar who is anxious to encash his labours through the attainment of a degree but of a citizen who is desirous of sharing the profits with his countrymen in the domain of economics.

Madras,
April 25, 1949.

B. Pattabhi Sitaramayya

INTRODUCTION

It is generally recognised that the prosperity of agriculture is not only essential to the success and prosperity of all economic activities in other sectors of life as industry, trade and commerce, but to an agricultural country like India, it is also to a large extent the economic basis of social progress and political stability. Agrarian problems and policies have attracted special attention of the Governments and the people in different parts of the world in recent decades, particularly since the great depression of the nineteen thirties. Perhaps, of all post-war economic problems, 'Food' has become more than ever one of the great preoccupations of Governments in some states and, there is no doubt that it has occupied the first place in India from the point of urgency during the last three or four years; and a relief of the food situation will involve generally the reorganisation of Indian agriculture which in turn will shape the future outlines of her agricultural policy. But for a proper development and a balanced utilisation of the national resources of agriculture, a continuous and well-planned research activity to carry on systematic and scientific studies of the factual situation in various provinces, and again, in different regions of each of the provinces, is essential in order to work out rational plans for reconstruction and to arrive at right and bold decisions in matters of social and public policy. The need is even more urgent in a phase of transition or during a period of developing economy of a country. When compared to the valuable literature available on the subject in other countries like the U. S. A. and the U. K., the number of publications in India based on original and first-hand enquiries is very few, apart from Government reports and blue books which constitute the major source of information on the agricultural situation in India, for the use of the administrator or the research worker. No further explanation is, necessary therefore, for presenting this book.

In agriculture, land occupies a dominant position as compared to other factors of production and, hence, the problem of agriculture is largely the problem of land. Land system or the nature of relations among the cultivators, the landlords and the State; or the way in which agricultural land is held, leased out and taxed has a

powerful bearing on land utilisation and distribution of farm income. Agricultural production is greatly influenced by the system of land tenures. Dr. Voelcker, the consulting chief chemist to the Government of India, pointed out in his report long ago in 1889, that defective land system was one of the causes of the low yields of agricultural produce in India.[1] A proper land system should aim at giving a reasonable return to the cultivator and undisturbed right of utilisation of farm land he cultivates in order to ensure him that some one else would not reap where he has sown. Thus the land problem is the most vital of the Indian agricultural problems, for it is the system of land tenures, tenancies and taxation that determines in a large measure the productivity of land, the prosperity of the masses and the working of the social system. 'The problem of tenure is of basic importance and is often a pre-requisite to other agrarian reforms.'[2] So long as the problem of land is not effectively solved, the various programmes for improvement of agriculture and for raising the standard of living of the peasantry will make little headway.

But the seriousness of this question in all its aspects was not realised by our Governments till recently. The agrarian unrest, following the great depression and the Second World War, combined with the rapid political awakening of the agrarian classes, has expressed itself in the tremendous growth and agitation of the Kisan organisations. Rural questions and legislation naturally attracted the attention of the popular Ministries in recent years under Provincial Autonomy. Almost in every province having popular Governments, important tenancy legislation was carried out during the years 1938 and 1939 and notably in the Provinces of Bengal, the U. P., the C.P. and Berar. Fresh amendments to the existing Tenancy Acts were made to regulate landlord-tenant relations in the proprietory estates. But the Bombay Tenancy Act of 1939 in its latest form (*viz.*, the Bombay Tenancy and Agricultural Lands Act, 1948) is unique inasmuch as it is the first attempt in India in legislative control of

1. Cf. 'The land tenure system sometimes affects production......This, as a matter of Government Policy must be tackled by the appropriate authorities at an early date, at least in so far as the present system hampers agricultural production.' Vide Memorandum on the development of agriculture and animal husbandry in India by the Advisory Board of the Imperial Council of Agricultural Research, New Delhi, 1944, Ch. II, P. 36.

2. Cf. Foundations of Rural Welfare by H. Belshaw, vide. International Labour Review, March, 1945, P. 296.

tenancy conditions and land transfers in the purely *ryotwari* areas. Valuable information has been also placed at our disposal by a number of recent reports. The Election Manifesto of the Congress Party, 1946, pledges for the urgent 'Removal of intermediaries between the peasant and the State' by payment of equitable compensation and accordingly Bills are passed in Provinces like Madras—in some they are on their way and in others perhaps in their making.

Further, the question of land systems was largely viewed till recently in a narrow perspective: from the point of view of demand and collection of land revenue, or from a purely academic or legal view-point, e.g., whether land revenue is a tax or rent, or about the proprietory right in the soil. The Department of Agriculture too has mainly considered the problem of agriculture from a merely technical aspect rather than from its social and economic side as well. As a result, the other important aspects of utilisation of land, distribution of incomes between the landlord and the tiller of the soil, economic condition of the agrarian classes and the degenerating effects of the system on the economic and social structure as a whole were not stressed adequately. The problem of tenancy, agrarian labour and transfers of land due to sales and debt (mortgage or otherwise), were neglected or at least the seriousness of the situation was under-estimated, particularly in the Madras Province in the past.

In the light of the above discussion, a systematic and comprehensive study of the Agrarian Problems of the Madras Province, especially the problems connected with the land system of the Province is evidently invaluable. It is submitted that the material presented in the book is a humble attempt in that direction.

This work is the result of a study of published material and accessible records, official and non-official, available on the subject, combined with the results of personal investigation. Direct field investigation more or less was confined to a regional survey of the Telugu-speaking districts of the Province, while information on conditions in other parts was collected by all possible alternate ways, *viz.*, from Government records and available material generally, published and unpublished, and also through correspondence, through Government officials[1] and public bodies and by personal discussion

1. *Vide*, L. Dis. G. 5491/46 dated 12-12-1946 from the Commissioner of L. R. & C. T., Board of Revenue, Madras, communicated to Collectors of all the districts in the Province.

with various persons belonging to Malabar, South Kanara and Tamilnad. During the extensive tours made by the author during the periods February to May 1946 and November 1946 to January 1947 in the presidency for collection of primary data according to the scheme and questionnaire issued (in five separate forms), all the eleven districts of Andhradesa were covered including some estates like Bobbili, Tirupati etc. In fact, in the first tour alone, about 200 forms of the questionnaire were personally filled by the author after discussing with the persons concerned. Amongst these were 29 families of non-cultivating landowners, 42 cultivating owners, 56 tenants, 37 agricultural labourers, 19 farm servants and 12 artisans and others who include large cross-sections of the peasantry and labourers. Besides, about 2,378 transactions concerning sales of land during the period 1930-45 were noted from the records maintained in the offices of the Sub-Registrars and their trends examined in connection with land transfers. Discussions were held with important persons and representatives or Heads of Governments or public bodies interested and qualified to speak on the subject which naturally covered a variety of heterogenous elements.

The method adopted in the matter of selection of villages is the method of stratified purposive selection[1]. Special care was taken to see also that as far as possible the villages chosen were not situated on the roadside directly connected by a bus or train service and also that they did not lie within a radius of four to five miles from any neighbouring town to make sure that the conditions in the villages investigated should not be affected by external urban influences. However, the limitations of a study like this carried out as a student and singly as a research worker with limited resources in the face of the vastness and complexity of the problem hitherto unexplored are obvious. There were special difficulties due to the delicate food

1. Cf. Also what is known as the 'multipurpose random sampling'.

Note :—'Stratified purposive selection' represents a combination of the use of stratification to secure homogeneous sub-groups and of deliberate selection through the use of controls. In other words, it combines profitably the methods of stratified random selection and of purposive selection. For a detailed study, See Ch. XIV, pp. 460-462, *Vide* Statistical Methods Applied to Economics and Business by F. C. Mills, London, 1938. See also article on, 'The Application of Sampling to Economics and Sociological Problems' by A. L. Bowley. *Vide* the Journal of the American Statistical Association, September 1936.

situation in the province during the period of my tours. But every care has been taken to avoid conscious bias either way.

While publishing the work, it is planned with a definite purpose in view, so that the book may meet, in varying degree, the needs and standards of the research worker, students of Agricultural Economics and the enlightened public as well as the expert, consistent with the other objective of retaining the research value of the work as far as possible. In such a venture, inevitably some parts are to be cut off, some portions to be diluted and a few things to be added to serve the purpose of each of the four types of readers. In doing so, I confess that I was unable to devote sufficient time and energy, as one could wish, either in rearrangement of the subject matter according to the above objective or in revising and bringing the material up-to-date, due to my pre-occupations and tours in the Provinces of C. P. and Berar, parts of Bombay-Karnatak and elsewhere in the year. For the same reason, much of the proof-correction job had to be entrusted to the printers themselves. However, such limitations are hoped to be set right in the second edition.

The book is divided into eleven chapters and the chief lines of arguments are as follows: In the first two chapters, an attempt is made to analyse the physical basis of the Province generally and to correlate the physical factors with the human factor. These open the right perspective to follow the rest of the chapters. The third chapter contains classification of various land tenures in the Province, viz., the Zamindari, the Inam, the Ryotwari, etc., and the origin, development, distribution and degree of prevalence of each of these tenurial types. The motives underlying the evolution of the various land tenures are also analysed. The fourth chapter discusses the problems of the land revenue system, principles of assessment, method of appraisal, future lines of reform and imposition of Agricultural Income-tax in the province with a comparative study of the working of such a measure introduced in some provinces and States in India. The fifth is devoted to a detailed study of the Zamindari system with reference to the financial aspect, rents, expenditure of incomes and general agricultural conditions as compared with conditions in similar neighbouring ryotwari areas. Chapter six is 'Land Transfers in the Ryotwari Areas', based on comprehensive investigation, probably the first of its kind made in recent years. It examines the causes of land transfers and their economic significance, trends of land sales during

1930 to 1938 and 1939 to 1945 in a few selected villages, mortgage debt and its effects on land transfers. The seventh chapter on 'Indebtedness and Organisation of Rural Credit' is a new chapter which is added specially with a view to meet the requirements of the advanced students of Agricultural Economics, and it is considerably based on the available data. Chapter eight studies the important aspects of farm tenancy, its growth, causes of renting, regions of high tenancy, tenancy types, levels of rents, period and condition of leases, etc. Chapter nine on Agrarian Labour—in fact, the question of agrarian labour is not different from the peasant and the land question—is divided into three sections, viz., the first dealing with the agrarian classes, distribution and concentration of land; the second with the day and the seasonal labour, and the last with the permanent farm servant. Chapter ten discusses tenancy legislation in Malabar and in the estates as well as the salient features of recent tenancy laws made in various Provinces under the new constitution, the Government of India Act of 1935. The final chapter opens with an analysis of the general trends of recent land tenure policies in countries of Europe and the U.S.A. discusses the different objectives of a land policy stressing the need to have an objective, lays down broad principles of reforms and makes a constructive scheme of proposals regarding abolition of the estates, tenancy situation, agricultural labour and generally on organisation of agriculture. Chapters eight to eleven, no doubt, will be of special value to the administrator and the legislator.

It is apparent that the book is not the last word on the subject. Agrarian problems (the Land problems in particular) though primarily economic problems, present in their larger aspects many sides for discussion, appealing to the sociologist, the soil chemist, the technical expert and the statesman as well as to the economist and to all those workers carrying on work within and in allied fields of agriculture. It would be highly presumptuous therefore to claim to have covered the whole field, and that no scope is left for others, especially on problems like these on which no systematic research was made in the past in the province.

Before concluding, I have to express my gratitude to all those, known and unknown, Government Officials, Public and private bodies or individuals who have jointly contributed to the success of my investigations through their willing cooperation and help. In

particular, I have to thank Prof. J. J. Anjaria, M. A., M. Sc. (Lond), formerly Reader and Acting Professor of Economics in the University of Bombay, under whom my work on the thesis, *viz.* 'The Land System of the Madras Province', was originally started in the month of May, 1945 and to Prof. C. N. Vakil, M.A., M.Sc. (Lond)., F. S. S., University Professor of Economics and Director of the School of Economics and Sociology, University of Bombay under whom the thesis was completed and submitted in June, 1947, for all the help and encouragement given throughout the period of the preparation of the thesis. My extra thanks, of course, are due to Prof. Vakil who had always wished me well in more than one way. I am also grateful to Dr. B. Pattabhi Sitaramayya, President, the Indian National Congress, for having kindly written the foreword to the book, to *Desabhakta* Sri Konda Venkatappayya for readily giving a general introductory letter for enlisting the co-operation of the public, and to the Government of Madras for according me necessary facilities.

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April, 1949,
School of Economics and Sociology,
University of Bombay.

V. V. SAYANA.

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CHAPTER I

PHYSICAL FACTORS

General

The Madras[1] Province occupies the southern portion of the Indian peninsula. To express in terms of latitudes, the Province stretches from 8°-4′ north latitude at Cape Comorin to 19°-10′ north latitude at Ichchapuram in the Vizagapatam district. In terms of longitudes it lies between 74°-9′ and 84°-44′ east longitudes. An area of 6,644-08 square miles from the districts of Ganjam and Vizagapatam was transferred to the Orissa Province with effect from 1st April 1936. Thus we have at present 12,77,420.97 square miles as the area of the Presidency out of which the Madras States of Pudukottai, Banganapalle and Sandur consititute 1,593-11 square miles.[2] On the east, on the Bay of Bengal it has a coast line of about 1,250 miles; on the south, on the Arabian sea a coast line of about 450 miles. In all this extent of coast, however, there is not a single natural harbour of any importance. The ports, perhaps with the exception of Madras, Cochin and Vizagapatam, are merely 'open roadsheds'.

This description leaves out of account Mysore and Coorg territories which geographically speaking form as much a portion of the Province as the tributory states of Cochin and Travancore all of which were brought into direct political relations with the Dominion Government of the Indian Union. The Aminidevi and Laccadevi islands form for administrative purposes a part of the presidency attached to the districts of South Canara and Malabar respectively.

For purposes of research, the Province may be broadly divided into three convenient regions based on considerations of language, or

1. The origin of the word 'Madras' is a tantaliser. To quote Talboys Wheeler, "the whole of English settlement was known as Madras, but the origin of this name is unknown." See Essay on origin of the word 'Madras', pp. 84-87, vide the Madras Tercentenary Commemoration Volume, Madras, 1939.

2. Latest figures obtained from the Centra Survey Office, Madras.

physical and tenurial conditions. They are (a) the northern Telugu districts; (b) the southern Tamil districts and (c) the west coast districts of Malabar and South Kanara. The eleven districts of Andhradesa have an area of 67,212.98 sq. miles and account for about 52.7% of the aggregate area of the Madras Province.* Similarly, the eleven districts of Tamilnad with the total area of 50,351.43 sq. miles account for about 39.5% while the districts of Malabar and South Kanara occupying an area of 9,827.47 sq. miles jointly make about 7.7% of the whole Presidency.

Mountains

The Presidency falls into three natural regions. Firstly, there is the long and broad eastern coast, then the shorter and narrower western coast and finally the high table land in the middle with an elevation of from 1000 to 3000 feet, stretching northwards from the Nilgiri hills and gradually inclined to the east from west. These divisions are determined by the two great mountain ranges of the Eastern and Western ghats.[1] The height of the western ghats has a tremendous effect on the rainfall. They arrest the rain clouds of the south-west monsoon and cause excessive rain precipitation on the narrow strip of coastline on the west coast. Particularly, where the mountain range assumes a great height as between Malabar and Coimbatore, the clouds are entirely checked from the districts immediately below the mountains on the eastern side. Consequently, whereas the annual rainfall on the western side is about 150 inches, not more than 25 inches rain are recorded on the eastern side, situated immediately within the range of the mountains. Where the altitude is low, the clouds glide over the hills and give a rainfall in uncertain and varying amounts in the Presidency to the east of the ghats. The eastern ghats on the other hand do not satisfy the characteristics of a mountain range. The ghats which are more or less the continuation of the hill system of Chota Nagpur run in a south-westerly direction almost through the entire length of the Province, until they lose themselves in the Nilgiris and there to join the western ghats. Their height is as low as 1500 feet on the average.

*The areas of the estates of Banganapalle, Sandur and Pudukottai are included, but the area of the district of Madras, 29.09 sq. miles, is only excluded from the whole area of the Province.

1. The name of ghat which, through the Teutonic languages, has come to the English language in the word 'gate' being applied to these passes, has gradually extended to the mountains themselves.

For the most part they leave a broad expanse of low-land between their base and the sea, and their line is pierced by the rivers, the Godavari, the Kistna and the Cauvery as well as by many minor streams.

It is in this difference in the physical make-up of the ghats that an explanation may be found for not merely the wide contrasts in the climatic and rainfall conditions but also for the distribution of the sources of agricultural water supply in different regions of the Presidency. In the eastern region (region situated towards the east of the western ghats) the uncertainty and capricious character of rainfall has taught the cultivators the necessity of the art in collection, storage and distribution of rain for purposes of irrigation. Innumerable tanks and reservoirs are therefore seen scattered thick in the districts of Nellore, Chittoor; and the districts like Chingleput, Ramnad, Tinnevelly; North and South Arcots of South Madras which entirely depend on water from north-east monsoon, the failure of which may produce havoc on the harvests. "In the eastern plain", it is said, "there is greater need for artificial irrigation as the rainfall is lower than in the western plain and as the red soil of this region depends for its productivity on continual irrigation [1]." There are, however, no recognised sources of irrigation on the west coast, for the rains of the South-west monsoon fall infallibly with 'great regularity as to time and quantity' [2].

Rivers

The chief rivers are the Godavari, the Kistna (or the Krishna) and the Cauvery with large tributary systems of their own. The estimated basin area of the Godavari is 1,12,200 sq. miles and its length is 898 miles. The estimated basin areas of the Krishna and the Cauvery are 94,500 sq. miles and 3,27,700 sq. miles respectively, while they are 800 and 472 miles long [3]. There are other rivers on

1. Dr. B. N. Gangulee, Essay on the Agricultural Regions of India, vide Part I, Ch. I, p. 26 of the Economic Problems of Modern India, Vol. I, 1939.

Note:—In the eastern plains agriculture is dominated by canal irrigation by harnessing the deltaic rivers. Much tank irrigation is also, however, concentrated on the Coromandal Coast.

2. Cf. Explanatory footnote on irrigation statistics for districts of Malabar, the Nilgiris and South Canara vide Agricultural Statistics of India, Vol. I-by the Department of Commercial Intelligence and Statistics, India.

3. Manual of standing information for the Madras Presidency, Ch. I, p. 3.

the east coast of smaller dimensions whose waters are utilized to a great extent for irrigational purposes. The extent of the country drained by rivers flowing westward is only the narrow strip of territory between the western ghats and the sea.

All the big rivers have the same uniform features. They drain rather than water the upper country through which they flow and they are practically valueless for irrigation or navigation except where they spread over alluvial deltas before falling into the sea. It is to the credit of a great British Engineer, Sir Arthur Cotton, that these rivers (the Godavari and the Krishna) have been harnessed for irrigation. But, as yet, only about 5% of the water that reaches the anicuts at Dhawaleswaram and Bezwada is used and the remaining 95% is wasted into the sea. These great rivers are often found in spate flooding villages and fields and causing great havoc. A plan for the application of the T.V.A. (The Tennessee Valley Authority) method for harnessing the Godavari waters was mooted out during the middle of 1945 for the triple objectives of development of irrigation, electric power and better transport to broad areas of South Indian districts from Waltair to Cape Comorin.

In recent years, the National Government at the centre in co-operation with the States and the Provinces has launched on ambitious schemes of multi-purpose river projects and rural electrification on the T.V.A. pattern both from the view-point of flood-control and area development. Mention may be made here about the Damodar Valley Project, the Kosi Valley Project, and the Hirakud Dam Project. The Ramapadasagar scheme and the Tungabhadra scheme are the two 'super projects' of the Madras Province. The first, when completed, would perhaps be the biggest of its kind in the world. It consists of a Masonary Dam of about 1½ miles in length and 150 ft. in height across the river Godavari and is capable of holding about 12 m. acres ft. of water. Water will be drawn from the reservoir through the two canals on either side of the dam connected with a net-work of irrigation channels to bring under irrigation an acreage of 6 lakhs in the dry tracts and an additional acreage of 1 lakh in the deltaic region by feeding the delta canals. Whereas the Tungabhadra Project, mainly a joint venture of the Governments of Madras and Hyderabad, comprises of a concrete masonary dam, 8,200 ft. long and 140 ft. in height across the Tungabhadra river, impounding about 7½ m. acres ft. of water to be shared

equally by the Madras and the Hyderabad Governments. It is estimated that it will generate 1,50,000 kw. of power and irrigate 3 lakhs of acres in Madras and 6 lakhs in the Nizam's Dominion. Apart from the Tungabhadra Project, the Hyderabad State has another irrigation scheme under consideration for harnessing the waters of the Godavari and its tributary. It is expected to bring under cultivation about 2·27 lakhs of acres of land and 0·3 lakh acres of pastures and forest area. Besides the above projects, there are several other schemes which are investigated in Madras as well as in other provinces and States independently or jointly with other Governments and the centre.

Forests and Wasteland

The idea that forest is a thing valuable in itself has not been recognised till recently. Apart from the conservational value of forests in regard to climatic and physical aspects, there has been a growing importance to utilize them as 'the handmaids of agriculture' on the one hand and, on the other, to exploit their resources as a regular source of revenue in some provinces. The view was expressed[1] that 'the minimum area of properly managed forests which India requires is 20 to 25 per cent. of the total land area'. Judging from this criterion, the area under forests in the presidency is not quite adequate. The total area under forests in 1940-41 is given as 13,321,985 *acres* out of 80,014,133 *acres* of the total area of the province. In other words, the area under forests is about 16.6% of the total area, a figure slightly higher than that of the all-India percentage area under forests, of 13.1%. Table 1 shows the actualities and potentialities of the land resources of the province. The figures for the percentage of area under forests to total area show, prima facie, an increase of about 2.1% during the period between the two world wars. But, on close scrutiny, it can be discovered that the increase is more superficial than real, for the percentage variations in the table are much more influenced by the variations in the total area of the province during that period as contrasted with the variations of the area 'actually' under forests. In fact, the area under forests decreased during the years 1936-37. The Forest Administration report for the year states: "There was a net decrease of 636 sq. miles in the area of forests in Class I during

1. The Post-war Development Plan of Bihar, Government of Bihar, 1945, Part I, Ch-ii, pp. 9-10.

Table No. 1

Classification of area (Quinquennial averages in 1000 acres) during 1920-40.

Period	Forests	Percentage to total area	Not available for cultivation	Percentage to total	Cultivable	Uncultivated area	Total of cultivable waste	Percentage to total area	Net area cultivated	% to total	Total area
					Cultivable waste	Current fallows					
1920—25	13,085	14.5	21,494	23.8	12,243	10,255	22,498	25.0	32.947	36.6	90,024
1925—30	13,141	14.4	20,323	22.3	13,204	10,272	23,476	25.8	33,867	37.2	90,807
1930—35	13,568	14.9	20,108	22.0	13,145	10,530	23,675	26.0	33,718	35.9	91,069
1935—40	13,322	16.6	14,096	17.6	11,316	9,300	20,616	25.7	31,979	38.9	80,014

the year, mainly due to the transference of the Ganjam Forest divisions to the Orissa Province and to the exclusion from the total area of the forests in the Rampa Agency. For the same reasons, the area under reserved forests declined from 750 sq. miles to 152 sq. miles"[1]. The area under forests has therefore remained stationary in recent years and has not shown any tendency to increase to a remarkable degree.

Before examining the rest of the items of table No. 1, it would be appropriate to deal with other problems connected with forests, namely, the productivity or yield from the forests and the progress of work done in their preservation. The tables Nos. 2 and 3 present comparative statistics of forest resources for the principal provinces regarding (a) the out turn of the forest produce and (b) conservancy of forests for the year 1939-40. While comparing the out turns of produce with the areas under forests in each of the provinces, the possibilities of raising the yield from the forests become clear. Assuming that there are no great variations in the quality of produce raised as shown in column (4) and in the richness of the forest resources in the four provinces to lead to different conclusions, the order of efficiency of exploitation of forest resources is shown in column (6). On the same assumption, it may be interesting to note that at the present rate of efficiency of exploitation of forests in Bombay Province, the out turn in the Madras Presidency may be raised by at least three times on the same area. Hence, efforts are to be directed in two ways: firstly to reduce waste and bring down production costs as low as possible and, secondly, to extend facilities for raising produce from forests with more efficient equipment on sound technical methods.

Madras is relatively better off in the matter of protection measures of forests, as seen from table No. 3. It is to be noted that this is only one portion of the problem of conservancy. Measures for protection of forests from evils of soil erosion are yet to be devised. Quicker and better results may be obtained (to quote Mr. T. A. Whitehead, the Chief Conservator of Forests), if a "forest sense" is created in the minds of the agriculturists by making them realise the conservational value of forests, (we may add further) by extending greater and more liberal facilities fcr grazing, etc., to

1. The Administration Report of the Forest Department of the Madras Presidency, 1987, p. 199.

Table No. 2

Area of forests and outturn of forest-produce for the year 1939-40.

Province	Total area under forests in sq. miles	Proportion of forests to total area	Outturn of produce		Order according to efficiency of exploitation.
			Timber and fuel (Cubic. ft.)	Minor produce (in Rupees)	
1	2	3	4	5	6
Madras	15,572	12.4	21,294,000	12,92,806	3
Bombay	10,561	13.9	54,147,000	28,45,705	1
C. P. and Berar.	19.432	19.7	45,512,000	18,60,221	2
Assam	23,488	42.4	14,547,000	5,97,166	4

Table No. 3

Protection of forests - Results of protection from fire and from cattle during 1939-40.

Province	Total area of all forests (in sq. mls).	Protection from fire			Protection from cattle, Area closed to all animals (sq.mls)	Grazing		
		Area Attempted (Sq. mls)	Area Protected (sq. mls)	Percentage of area protected to total area of reserves		No. of animals grazed free	Number of animals grazed on payment	Total No of animals grazed.
Madras	15,572	14,973	13,369	91.1	1,388	85,117	1,900,234	1,985,351
Bombay	10,561	7,369	6,916	70 8	1,018	1,818,095	15,020	1,833,115
C. P. and Berar	19,432	15,503	14,723	79.8	1,760	245,099	2,732,838	2,977,937
Assam	23,488	38	37	0 6	4,317	19,351	28,060	47,411

benefit the peasantry in order to make them appreciate those benefits.

As far as the wasteland aspect is concerned, it may be pointed out that the classification of land between "Not available for cultivation" and "cultivable waste", and again between "cultivable waste" and "current fallows", as hitherto followed in compilation of Agricultural Statistics by the Department of Commercial Intelligence and Statistics of India, is very arbitrary. It may not give a precise estimate of how much of land under the latter (the cultivable waste) is really suitable for cultivation, though a rough idea may be had generally about the state of things. The area under "Not available for cultivation" in table No. 1 has been steadily falling. There has been a fall of about 5% during the first and the last quinquenniums. The size of cultivable uncultivated area is large constituting about one-fourth of the total area, though it is not bigger than the proportions in Assam, Sind and the N.W.F. Province. The question may be looked at from yet another angle, that of the proportion of cultivated area to the total area. The proportion is about one-third in the Province which compares very unfavourably with that in the U.P., Bihar and Orissa, where it is more than half—perhaps only in the C.P. the ratio is more or less the same. According to the Census Report 1941 of the Province, out of 65.3% of cultivable area only 59.7% is the net area cultivated in the East coast, North ; in the Deccan 65.2% is cultivated out of 69% cultivable area ; in the East coast, Central it is 62.6% out of 58.1% ; in the East coast, South 59.8% out of 73.4% ; and in the West coast, 46.8% is cultivated out of 66.2% of the cultivable area[1].

Thus it can be seen clearly that there has been no considerable extension of cultivation in recent decades. Population in the province increased by 9.2 millions between the two wars, but extension of cultivation increased only by 3% in the same period. In other words, there has been a rise in population by 23% over the figure in 1920-21, whereas there has been only 8% increase in the net area sown. It means, the rate of extension of cultivation is only about one-third of the rate of increase in population during the last two decades.

1. *Note:* The area of cultivable land is expressed in percentages to the total area, while the percentages about cultivated areas relate to the areas available for cultivation out of total area.

In face of the above analysis of the factual situation about land resources of the province, a vigorous drive for their full utilization is deemed essential. A thorough and scientific survey of land must be a preliminary step to assess the energy-potential of different areas with a view to find out in what way and at what cost they can be exploited at best as forests, grass land or arable land. It was stated that a pasture survey of the presidency was being made under the aegis of the Imperial Council of Agricultural Research,[1] though details are not available about its results so far. Under certain conditions, areas under forests may be considered to have a lower output of energy than the arable lands. In such cases where particular forest areas are found to be brought under cultivation more profitably at proportionately low costs, denudation of forests has much to recommend for itself, so that fresh areas may be afforested in other parts out of the wastelands wherever found possible.[2]

In fact, breaking in the wasteland[3] is like breaking up the atom. "Grassland constitutes an immense store of potential energy, but almost invariably it needs some help and some assistance even before it will render up a reasonable amount of that energy[4]" even in terms of its own leafage. But the full energy value can be obtained only by ploughing it up and using the sod to nourish and hold a variety of successional crops. Reclamation of wasteland is important not merely for agriculture but also for rehabilitation and settlement of the demobilized soldiers, the refugees[5], and the discontented agrarian proletariat. Use of up-to-date machinery like tractors to plough very deep may be made in some cases in the initial stage. The measures are threefold: firstly, some part of the land may be turned

1. Sir John Russel: Report on the work of the Imperial Council of Agricultural Research in applying science to crop production in India, 1937, Part II, p. 211.

2 Dr. D. V. Shuhart, the soil conservation expert of U.S.A., who toured India recently on the invitation of the Central Government, observed: "India may be faced with fuel shortage if concerted measures are not taken for planting new trees."

3. See my paper on 'Mechanisation of Agriculture, with special reference to cultivation of wastelands'. vide the proceedings vol. of the 9th Conference of the Indian Society of Agricultural Economics held at Hyderabad, Dec. 1948.

4. Sir R George Stapledon: Essay on 'Grassland', p. 194. Vide: Agriculture in the Twentieth Century, London, 1939.

5. See my article on 'Refugee problems and their solution': vide the Modern Review, Calcutta, November 1947, Pp. 391—94.

into grassland for grazing of animals with adequate facilities, or into forests. Secondly, steps may be taken to banish grass completely and introduce a system of extensive cultivation with shorter or longer lay. Finally, they may be brought under intensive cultivation with or without lay. These are the chief methods which can be adopted according to the suitability of individual cases.

The chief obstacle for reclamation of wasteland in the Agency tracts occupying considerable parts of the Godavari and Vizagapatam districts (in area three times of Travancore and two-thirds of Mysore) is the malarial mosquito. From the experimental work done by the Madras Government both in Vizagapatam in the north and in Malabar in the south it was found out that malaria could be controlled at a small cost on the scale of approximately one rupee a person per year.

Commendable efforts have been made in the islands of Cyprus and Sardinia to exterminate the malarial mosquito by an over-all campaign of spraying every dwelling, every cave, every hollow tree and even inaccessible pools and streams with DDT by aircraft, motor vehicles, and also by hand spray guns. As a result of the campaign, it is claimed that while 40% of the school children of Cyprus were suffering from malaria in the year 1945, incidence of the disease was reduced to 1.3% by 1948. With the aid of the Rockfeller Foundation, an organised war at heavy cost is being waged against mosquito in Sardinia. According to a recent announcement it appears that the Government of India have made arrangements with the World Health Organisation for a tour of four demonstration teams of experts and also to impart special instruction to the trainees at the Malarial Institute of India. It is common knowledge that vast tracts of land exist in the Province known as the Agency tracts, which, when brought under effective cultivation, could not only solve the chronic food problems of the province but could as well provide a living to thousands who are now unemployed or forced to migrate to other Provinces or to emigrate to Burma, Malaya and other countries.[1]

Soil Factor

The greater part of the presidency is covered with soils that were originally formed by the disintegration of rocks of the metamorphic

1. cf. Sir S. V. Ramamurthy: Address delivered at the Silver Jubilee Celebration of the Andhra Medical College at Vizagapatam on 7-2-'49.

and igneneous systems.[1] The most remarkable soil formations are chiefly two: First, the red soil which is described by Leather "as sandy clay, coloured red by iron paroxide" common on the metamorphic rocks; second, the black cotton soil or 'regur' resulting from the impregnation of certain argillaceous formations with organic matter and probably covered at one time with luxuriant forest. It is closely allied to the black earth of Southern Russia and possibly occupies the sites of dried up lakes.[2]

Very little information is available about the first except what the Royal Commission report sums up that the red soil formations characterise 'almost the whole of Madras'. The second type of soil covers practically the whole of Deccan tract and large areas in the eastern Bellary, western Kurnool, north Anantapur, Cuddapah, Coimbatore and Tinnevelly districts. The Madras 'regur' differs from the trap regur in that it is not so deep as the soil associated with the trap area, and a marked bed of *kankar* is generally formed under them at varying depths. Less extensive deposits of deep black regur are found in the valleys of the Godavari and the Kistna which flow through the black soil regions and in many cases these soils have been carried down by the rivers beyond the limits of the regur zone. A third type of soil is the most fertile alluvial tracts extensive areas of which are found in the deltaic regions and along the course of the principal rivers. But the soils of the lower courses of the Godavari and the Kistna differ, to some extent, owing to the geological formations through which they flow and, therefore, in some parts they are fertile loams and in others poor sandy or gravelly soils. This last variety may be grouped under the family of laterite soils which are found along the western and the eastern ghats and which might have been formed as a result of the action of sub-aerial weathering agencies on the underlying rock generally composed of basalts or gneisses. The forest soils of the Nilgiris and of the plantations of coffee, tea, etc., may also be grouped under this sort.[3]

1. "Soils are not merely the disintegrated products of the rocks underlying them, but rather are due to factors of climate, vegetation and topography acting on the weathered products"—Shantz and Marbut. Soils of Africa, 1923, *vide* Agricultural Geography of Deccan Plateau by E. Simkins, 1926.

2. Manual of the Administration of the Madras Presidency 1885, Vol. 1, Ch. iv, p 284.

3. For further details on the geological basis of the soils of the presidency see pp. 8-20, Appendix III, Manual of the Administration of the Madras Presidency, 1885, Vol. II.

An important aspect of the Pedology or soil science is the oils analysis, mechanical and chemical, for estimating the relative productive powers of different soils. The productivity of different soils depends on their capacity for supplying the ingredients necessary for plant growth and it is conditioned apart from other factors like the chemical contents and climatic conditions on the texture of the soil which determines the capillarity and friability of the soil. The importance of the regur soils in regions where there will be high rainfall followed by a big gap of hot and dry weather is great.

The next problem of *chemical analysis* assumes great significance for the soil experts in order to give technical advice to the agriculturists regarding crops most suitable to their farms, their deficiencies and the manurial treatment to be applied. Adequate details are not available about the analysis of the red soils. Their colour, deep-red, brown and even black, is due to the presence of iron oxide. They contain sufficient quantities of potash and lime, but they are conspicuously poor in nitrogen, phosporic acid and humus. Hence these poor soils require good manuring and irrigation for efficient cultivation. On the contrary, regur soils are of comparatively greater agricultural value than the red soils. It contains adequate quantities of potash, calcium and magnesium carbonates required for plant growth and the element of lime contained assists the friability of the soil. Owing to the absence of humus in the soil, it is strikingly deficient in nitrogen and it lacks also phosporic acid. Messrs. Harrison and Sivan who analysed the soils of South Madras have ascertained that the black colour is due to the presence of dark particles of low specific gravity, common to all regur soils, assisted by the low percentage of organic matter[1]. Mr. Annet from a study of the regur soils of the trap, arrived at a different conclusion, that the colour was due to the presence of black mineral, titaniferous magnetite[2]. Lastly the alluvial soils are found deficient in phosphoric acid, nitrogen and humus, but they contain adequate quantities of potash and lime. Generally laterite soils contain larger quantities of humus than any other soil and lack potash, phosphoric acid and lime.

The above analysis gives a general idea of the chemical composition of the soils in terms of nitrogen, phosphate, potash and lime

1. Harrison and Sivan : Bulletin No. 5, Memoirs of Department of Agriculture, India Chemical Series.

2. Annet ; Bulletin No 9, Memoirs of the Department of Agriculture, India Chemical Series.

contents in the soil. But soil chemistry has progressed greatly and soil chemists have found out that other deficiencies may also occur on account of which plants will be infested with disease or their growth retarded. May be, they may be required only in small quantities. "Deficiencies of sulphur, manganese, copper, zinc are now recognized, and indeed at the present time, when anything goes wrong the first thing sought is some new element lacking[1].

Intensive work on scientific lines corresponding to the soil maps and centralised surveys of the continental countries of Europe like U.S.S.R. or the U.S.A. remains still a desideratum in India as well as in England[2]. Some investigation of local soils has been carried out in miniature in the Provinces of Madras and Bombay for purposes of assessing land revenue. In cases where no field-to-field examination has been made a general description of the quality of soils has been included in the settlement reports. Table No. 4 shows the average yields of some principal crops during 1916-17 and 1931-32.

Table No. 4

Average yield[3] of principal crops in lbs. per acre.

Year	Rice	Jowar	Bajra	Ragi	Cotton	Sugar-cane	Sesame	Bengal-gram
1916-17	1047	696	624	1092	55	5040	299	Nil
1921-22	1065	569	488	927	68	6420	300	400
1926-27	1057	571	490	937	71	6383	303	400
1931-32	1055	564	494	947	73	6380	301	400

It may be seen that there is on the whole a tendency towards a slight decrease in the yields* in the case of rice, jowar and sugarcane.

1. Sir E. John Russel: Essay on Soil Science in England 1894-1938, vide p. 168. Agriculture in the Twentieth Century, 1939.

2 A. Daniel Hall: Reconstruction and the Land, 1942, Ch. iii, p. 56. See also priced publication on soil surveys by the Department of Agriculture, Madras. Bulletins Nos 14, 15, 16, 17, 18 and 19. Vide p. 154 The Villager's Guide and Calender for 1945.

3. Agricultural Statistics of India, 1934-35, Vol. I. Appendix A.

* It may be noted that investigations made in the Provinces of Bombay and Madras reveal that in spite of the Grow More Food campaign,' there has been a decrease in the total area cultivated and in the output per acre in recent years.

Besides, the yield of the crops is considerably low when compared to the average yields recorded in other agricultural countries, which points out the need and the scope for improving the richness of the soil, an important factor to be reckoned in influencing the yield from the soil[1]. Dealing with manures Dr. Burns concludes that the Indian soils are at a stage in which on the whole there is neither increased nor diminished production, and, judging from the results of over 5.000 experiments in India, it is probable that in most parts the soil has become stabilised at a comparatively low level of production.[2]

Climate and Rainfall

The degree of soil productivity, however, is not determined solely by the soil itself. Climatic conditions which affect agricultural operations have a distinct bearing on the yield of the soil, kinds of crops grown, cropping methods adopted and even on the burden of land revenue. The graphs shown illustrate the deviations in the annual climate and rainfall (actual) in the different regions of the presidency. For practical purposes the rainfall of the province may be considered with reference to the following divisions of the year:

January to March	... ...	Dry weather
April to May	... ...	Hot weather
June to September	... ...	South-west monsoon
October to December	... ...	North-East monsoon.

These divisions broadly coincide with different parts of the agricultural year and the rainfall. When the hot weather rains are reasonably good, the preparation of dry lands for cultivation is pushed forward early and hot-weather crops like gingelly and cholam are sown by some. The rains of the south-west monsoon regulate the bulk of the sowings on the lighter classes of dry lands and are thus of utmost importance to the province as a whole. If they are late, the sowings in these parts will be untimely and the usual crops suffer or others of a less valuable character have to be substituted for them. Such a delay, provided that the rains are adequate at the

1. Cf. "In answer to our inquiry, we have been informed that in Bombay, Bengal and Burma there is no evidence of any decline of yield of staple crops, while the local governments of Madras, the U P. and the Punjab tell us that the tendency in those provinces is towards a slight increase in outturn," vide the Report of Royal Commission on Agriculture, Ch. iv, p. 75.

2. Dr. W. Burns: Technological Possibilities of Agricultural Development in India, 1944, Ch. iv.

end of the season, is not of much effect on the heavier soils, for from their nature they are more retentive of moisture and are not usually sown till the latter part of this period or early in October. The south-west monsoon rains are of great value, because it is on them the rivers the Godavari, the Kistna and the Tambraparni depend for their supply of water. Thirdly, the rains of the north-East monsoon are mainly of importance for feeding the rain-fed tanks. Some dry land cultivation is raised in this season, but except in the extreme south, this is usually confined to crops raised on the heavy soils at the beginning of the monsoon or to catch crops on the lighter soils at the close of the rains. However, in Tinnevelly and in some parts of Madura, Ramnad and Coimbatore districts these rains are of the greatest importance for dry cultivation, especially on the heavier soils. Fourthly, the rains of the dry weather are usually too scanty and unreliable to have much effect on the agricultural practice. But when they fall, they are useful to increase the supply of pasture and in some cases they permit the raising of catch crops or reinforce a fairly irrigational water supply. But the hot weather is generally a period of quiescence in agricultural work. The hot weather rains, usually known as 'the mango showers', are due to sea-winds which blow on the south and east of the presidency and often produce thunder-storms. In May also cyclones pass occasionally westward over the east coast.[1]

An interesting piece of useful work yet to be fully developed is to ascertain the precise effect of weather conditions on the harvests, the kharif and the rabi, as well as on the growing crops in relation to quality, yield and the diseases of crops due to climatic behaviour. Knowledge of the influence of weather conditions on the growing crops is particularly useful in connection with the introduction of new varieties, whether exotics or improved crops resulting from plant breeding. The knowledge so obtained must be presented in terms and in the language of the actual cultivators and their common experience about the influence of seasonal changes in crops. Herein lies the need for the Meteorological and Agricultural crop experts as well as the agricultural economists to work in coordination. Experiments have to be made to evolve certain devices by which the caprices of weather and climatic behaviour can be not only forecast but also controlled, or their disastrous effect reduced to a minimum,

1. The Statistical Atlas of the Madras Presidency, 1936, p. 3.

In the year 1923-24, in certain parts of the Presidency the outturn of paddy was adversely affected by excessive rain, in others due to draught, and in some due to outbreak of 'paddy blast' and the attack of 'stem-borer.' Owing to poor rains in 1925-26 the jowar crop was partly replaced by groundnut and cotton, while the acreage and production of jowar increased in the next year on account of timely rainfall. Again in 1920-21 the rains were untimely in certain parts which affected the outturn of bajra, whereas in other parts preference was shown to groundnut, sesamum, jowar and ragi.

The table below and the graph opposite indicate (a) the nature and distribution of rainfall and (b) the relation of rainfall deviations and areas sown; and also areas irrigated. In other words, the effect of rainfall on effective cultivation and irrigation.

Table No. 5

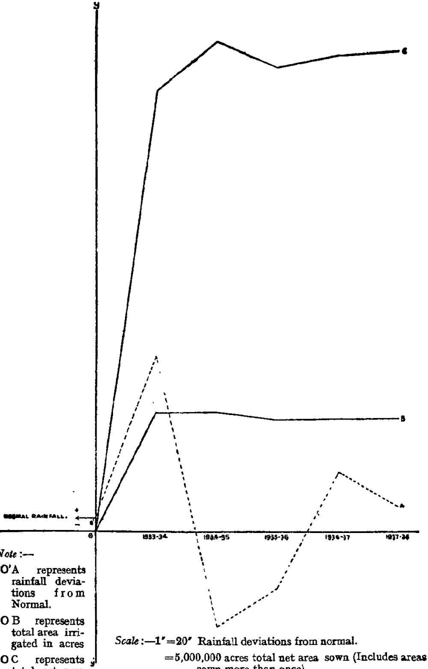
The Unequal Distribution of Rainfall and the Rainfall Deficiencies or otherwise in the Province during 1911 *and* 1939.

Rainfall	Number of years when below normal			Percentage deviation (of the average for deficient years) from the normal		
	1911-20	1921-30	1931-39	1911-20	1921-30	1931-39
1. Madras East-North	5	3	3	-10.2	-10	-8.4
2. Madras Deccan	5	7	6	-20	-12.4	-12
3. Madras South-East	3	4	5	-3.7	-11.7	-7.3
4. Malabar	Nil	2	4	Nil	-6.7	-10.6

Irrigational Water-Supply

In view of the character of rainfall as detailed previously, the importance of the sources of artificial supply of water for agricultural operations is obvious. A circular sent to Directors of Agriculture in different Provinces and States enquiring which of the three methods indicated were considered most effective to stimulate the growth of food crops in connection with the recent 'Grow More Food' campaign, brought replies of which the following is an analysis.[1]

1. Technological possibilities of Agricultural Development in India, by W. Burns, 1944, Ch. II, pp. 37-38.



Note :—

O'A represents rainfall deviations from Normal.

O B represents total area irrigated in acres

O C represents total net area sown in acres.

Scale :—1″ = 20″ Rainfall deviations from normal.

= 5,000,000 acres total net area sown (Includes areas sown more than once).

= 5,000,000 acres total area irrigated by canals (Govt. and private) by tanks, wells and other sources.

	Method Employed	Places Allotted	Total
1.	Measures involving water supply (irrigation concessions, etc.)	3 (firsts), 2 (seconds) 1 (third)	6
2.	Measures involving manual supply	No (first), 3 (seconds) 2 (thirds)	5
3.	Measures involving seed supply	3 (firsts) 3 (seconds) 1 (third)	7
4.	Propaganda and organisation	3 (firsts) Nil 1 (third)	4
			22

That irrigation should be assigned the first place is in no way surprising.[1] In the matter of irrigational enterprise in the province, still 72.5% of the area sown has to rely on rainfall, the area irrigated being only 27.5% of the total area cultivated. In the highly irrigated tract of the East coast, North the proportion is 42.6% in the East coast, South 3.7%; East coast, central 31.3%, whereas in the Deccan it is as low as 7.1% and in the West coast it has no significance due to abundance of timely rainfall.

When compared with other provinces, the net return from productive works compare unfavourably with Punjab (14.53%), the N.W.F. Province (12.9%), Bombay and the U.P., though its yield is relatively higher than that of the rest of the provinces. The ratio of working expenses to receipts also shows the possibilities of reduction, when compared with those of the Punjab, the N.W.F. Province and Bombay which are lower by about 10 per cent. It is curious to note that Bengal occupies the last place in both these aspects. It is true, while estimating the benefit of irrigation works, it is not enough to be content by taking only the direct yield of revenue from irrigation, but also the indirect returns in the shape of increased railway earnings, larger tax receipts, development of trade and commerce of the province or provinces, as well as the ease with which adjacent unirrigated areas may be brought under irrigation are also to be taken into account.

Experience has shown that some soil types of the province have exhibited greater affinity to irrigation than others. Or, conversely,

1. In all eight Directors replied. (The reason for assigning a high place for seed supply is presumably because in a short term, it may be easier to carry out than manure).

Table No. 6

Financial Results of Irrigation (Principal works) for 1939-40 *in Rupees.*

Nature of works	Area of land irrigated during the year Acres	Total capital outlay (direct and indirect to the end of the year)	Gross receipts Direct and indirect	Working expenses (Direct and indirect)	Net Revenue		Percentage of working expenses to receipts
					Amount	Percentage on total capital outlay	
1. Productive Works	2,588,581	15,60,62,885	1,38,01,646	40,55,277	97,46,369	6.25	29.38
2. Unproductive Works	165,781	3,87,56,452	7,41,888	3,46,677	3,95,211	1.02	46.78
3. Navigation, embankments and drainage works	Nil	92,20,459	1,08,046	2,33,550	1,25,504	Nil.	216.16

the application of irrigation has produced better results on some soils than on others. For instance, it is found that red soils and the alluvial soils react more freely and to a greater extent than the black cotton soil or 'regadi'. The reason may be sought in the textures of the two soil types and their relative retentivity. In fact, experiments were conducted to carry on extensive irrigation of rice and other crops on the Hagiri experimental Farm near Bellary and they proved unsuccessful. The black cotton soils of Bombay, on the other hand, reacted in a quite different way and were found suitable to irrigation. It can also be seen that the different sources of irrigation, e.g., wells, tube wells and tanks are influenced by the nature of soils, the geological and topographical conditions. Hence the physical factors are to be reckoned with, while devising ways and means for the development and construction of various sources of irrigation.

What would be the extent of increase in productive power of land due to the irrigation factor ? Theoretically, one can say, a priori, give two pieces of land, irrigated and unirrigated of equal fertility and situational advantage, the difference in their net out-turns will give an estimate of the increase in productivity due to irrigation, other things being equal. To make it simpler still, it may be said, if the yields of a particular piece of land are known before and after application of irrigation, the percentage increase in production due to irrigation may be appraised on the proviso that no changes have occured in methods of cultivation, technical improvements adopted, manurial treatment, etc. Other direct and indirect effects of irrigation are also to be taken into account. To be realistic, such an estimate may be of some academic interest and, surely, it does not go a long way to carry more conviction into the minds of the peasantry on the relative advantages of irrigation. A more rational and expedient measure to encourage the use of irrigational water would be to reduce water rates, institution of a more scientific method of charging water supply on the basis of quantity consumed, and to grant liberal concessions for the furtherance of the agricultural policy adopted.

Crop Structure

Rice occupies by far the largest proportion to total area cultivated accounting 27.6% of the area. The area under millets, cholam, cumbu and ragi is inversely proportional to the areas under rice in

Table No. 7

Crop-trends during 1920-21 *to* 1940-41 (*in acres*)

Year	(1) Foodgrains and pulses							(2)	(3)	(4) Oil Seeds			(5)	(6)
	Paddy	Jowar	Bajra	Ragi	Maize	Gram (Bengal)	Other food grains and pulses	Total area under column (1)	% of column (2) to col. (12)	Sesamum (Til)	Castor	Other oil seeds	Total area under (4)	% of Col. (5) to (12)
1920-21	11,102,035	5,224,841	3,017,474	2,547,536	122,894	93,789	7,040,382	29,148,451	88 1	752,622	390,668	202,065	10,45,355	3.47
1930-31	11,677,529	4,761,209	2,912,573	2,165,512	149,532	84,896	7,133,629	28,884,880	84.4	745,872	283,288	164,463	11,93,573	3.47
1940-41	10,744,393	4,667,968	2,558,957	1,752,276	68,079	66,412	6,312,106	26,170,191	81.8	786,079	266,786	60,321	11,13,186	3.5

Year	(7) Special Crops							(8)	(9)	(10)	(11)	(12)
	Groundnut	Tobacco	Cotton	Sugarcane	Coffee & tea	Coconut	Condiments and spices	Total area under (7)	% of (8) to (12)	Fodder crops	Miscellaneous	Total area sown
1920-21	1,599,788	201,062	2,121,628	103,323	100,358	549,446	668,780	5,344,335	16.1	298 372	14,69,442	33,073,702
1930-31	3,575,157	242,644	2,041,284	114,877	116,986	541,272	624,219	7,256,489	21.2	449,865	13,86,924	34,222,604
1940-41	3,922,497	310,604	2 412,857	161,716	135,362	598,427	676,347	8,217,810	25.7	459,455	14,03,383	31,979,126

Note—Other food grains and pulses include "wheat and barley"; "Other oil seeds" include linseed, rape and mustard, etc. unless otherwise shown under special crops; Miscellaneous include all other crops which are not shown separately in the table.

each district and constitutes 25.8%. Other major crops are groundnut (9.4%) and cotton (6.2%). The important districts situated in the rice zone are the districts of the East coast North, (with the exception of Guntur and Nellore), Chingleput, Tanjore, Malabar and South Kanara where half and more than half of the cultivated areas are under paddy cultivation. The millet belt passes through the Deccan, Chittoor, North Arcot and Coimbatore in the East coast, central; and the Trichinopoly district in the south. These districts are also well noted for groundnuts, if only Coimbatore is substituted by South Arcot. The districts of Bellary, Coimbatore, Madura, Ramnad and Tinnevelly are the chief cotton growing tracts.

An examination of table No. 7 reveals two facts: (a) periodical changes in the relative importance of important crops; (b) a steady process that has set in about shifting of ground from the cultivated area under food grains and pulses to the area shown under special crops. Again, within the same group there are changes in areas of crops from one to the other. Among oil seeds, the expansion of groundnuts particularly since 1925 is stupendous, while a corresponding contraction is noticed under castor crop. In food grains, paddy still remains the 'dominating crop'. The area under 'bajra' has been falling. Areas under Tea and Coffee in the Nilgiris have almost doubled during 1920-40. There has been a fill-up to tobacco in recent years. Cotton and sugarcane also register a small rise, though there has been a fall under cotton after 1942 owing to the loss of foreign markets for Indian cotton and the 'Grow More Food' campaign during the war. This sums up the general tendencies of the crop trends during the last two decades.

Increase in Cultivation Under Some Special Crops

The following facts are to be noted about the phenomenal increase of cultivation of some special crops, in the main, groundnut, tobacco and sugarcane.

Groundnut

First, the growth of groundnut in the province, nay in the whole world, is an instance of the remarkable effect which the stimulus of a commercial demand exercises over the expansion of cultivation of any crop. From an area of about 1,600,000 acres in 1920-21, it has shot up to an area of about 4,658,000 acres in 1937-38. In other words, the increase has been almost three times in less than two

decades. In recent years there has been a two-fold stimulated demand for groundnuts partly because of the use of groundnut oil for the manufacture of vanaspati (vegetable ghee) and partly because of the shortage of artificial manures and the use of oil cake as an organic manure during the war. Secondly, its most serious enemy known as the "Tikka" disease (Cercospora personata B and C) was overcome. Groundnut has been found suitable for many areas, capable of being grown both as a dry crop and as an irrigated crop. It can be grown under a much low rainfall of 20" to 22" and it can stand also a heavier rainfall upto 50" to 55". It can be grown practically on all soils, unless they are positively harmful by being badly drained or alkaline or otherwise defective. Thirdly, it is a valuable money crop which is useful in rotation. Early maturing variety requiring only 90 to 100 days have come into cultivation. Like other leguminous plants, it enriches the soil by adding nitrogen. Its stalks and leaves are a valuable fodder for livestock. Lastly, improved varieties like Dr. Patel's AH 25 giving an yield of 1750 lbs. per acre and the variety 186 Nandayal in the province (1000 lbs. per acre) have recorded high yields. It is believed that new varieties produced in Madras are capable of yielding at least 20 per cent over the existing varieties which are found suitable to many parts in India. These are the principal factors which have firmly established groundnut as one of the principal crops of the presidency.

It is however difficult to forecast that the forces that have contributed to the rapid growth of cultivation in the province will persist to be the same in the long run. As an instance, if any change should occur in the use of groundnut oil to affect the demand for it adversely, because modern oil technology is such that it may be quite possible for substitution of one oil for another in one and the same manufacturing process, the prospects of groundnut cultivation may be rendered precarious[1]. As a safe measure, attempts must be directed to stimulate manufacture of vanaspati* in the presidency

1. For example, Germany, one of the big purchasers of groundnut deliberately substituted soyabean as a source of oil prior to World War II on account of political and industrial considerations.

*See adverse effects of vanaspathi on health, when its processes of manufacture and its quality are not regulated and controlled by Government as at present. Vide article on "Blindness at a price" in the *Harijan* dated 6th April 1947.

Note : There is considerable controversy over the effects of vanaspati on health and the Government of India are investigating into the matter by experiments specially conducted for the purpose.

under the direct control and regular inspection of the Government to ensure good quality and prevention of adulteration on the one hand and on the other the use of groundnut cake as an organic manure for crops like sugarcane, etc., in order to create and keep up demand for groundnuts within the province itself. It is gratifying to note from the Russel report that a research scheme to conduct technological research on groundnuts was approved for establishment in the province.

Tobacco

Again the war conditions and the imposition of the limit of 13% as the maximum proportion of the American tobacco to be put into cigarettes made in India, have increased the demand for the Indian-produced cigarette leaf. The demand for the 'hooka', chewing and snuff will probably continue much as it is, but it is likely that the beedi tobacco will be affected by the growing habit of smoking cigarettes. The Russel report observes: "With the enormously increased consumption of cigarettes, it became necessary to concentrate more and more on cigarette tobacco and to give up the old varieties and methods used for cigar tobacco. The Council therefore established at Guntur, a sub-station of the Imperial Research Institute for studying the effect of environmental conditions on the quality of cigarette tobacco."[1]

The prominent new type of tobacco is the Virginian variety, Adcock or the Harrison's special, the latter becoming more predominant and replacing the local varieties. The production of cigarette tobacco is chiefly localised in the Guntur district. It has been spreading gradually to the adjoining districts of the West and East Godavaries, and the Krishna. It by no means goes to show that cigarette tobacco is suited only to the climes and soils of these fortunate few. The tobacco may prove a lucrative crop for Madras, if proper care is taken to consolidate the tendencies that already have set on foot.[2] The Government of Madras has proposed to introduce a Bill with a view to check 'juvenile smoking' in the Province and it is doubtful how far the measure can be effectively enforced.

1. Sir John Russel: Report on the work of the Imperial Council of Agricultural Research 1944, Part II, p. 200.

2. Out of 775 flue-curing barns in India about 700 are situated in the presidency. There is also a large concentration of tobacco factories for instance at Anaparti near Samalkot in the East Godavari district.

Sugarcane

The last war has also seen a phenomenal increase of cultivation of sugarcane particularly in a few talukas. During my tours, it has been found that sugarcane cultivation particularly in the talukas of Chittoor and Chandragiri, where the Co 419 variety is suited well, has been increasing almost in geometrical progression. In Chittoor taluka from 3,000 acres in 1942, it rose to about 12,050 acres by 1945; in Changragiri also considerable rise is recorded. It is reported by the Agricultural Demonstrator, Chittoor, that now for every three acres of wetland in those parts cultivated by a ryot, almost invariably one or two acres may be found under sugarcane. The villages of Aragonda in Chittoor taluka and Siddout in Punganur taluka are striking examples for the rapid expansion of sugarcane cultivation.

The general possibilities of development of sugarcane cultivation may be considered here in brief. Firstly, there are immense potentialities in the soil types and irrigational water supply favourable for the growth of sugarcane. In the opinion of the Royal Commission on Agriculture, the peninsular alluvial belt in the province is most suitable for the flourishing of thick cane types. Deep alluvial soils inclined to be clayey loams rather than sandy are considered to be ideal sugarcane soils, though light coloured brown or reddish loams of some three feet at least in depth with adequate drainage may also be suitable. The climate is warm in winter and there is no severe check to the crop. The second is the manurial problem. It was found that in the peninsular alluvial tracts, the cane requires a comparatively higher dose of nitrogen than in the Indo-Gangetic alluvian. It requires in addition artificial manures like phosphates and potasium in varying quantities. "The constituent to which the sugarcane responds strikingly is nitrogen. To the other constituents, namely, phosphoric acid and potash, the response is little and even then it is not commensurate with the cost of the fertilisers supplying these ingredients. It is also the experience, in many experiments that the potash, far from increasing the yield, actually depresses it."[1] Apart from the manures like the farm-yard manure and green manure, the best results are noted by the application of organic

1. Vide A. K. Yegnanarayana Aiyer: Field Crops of India, 1944, Section IV, p. 201.

manures[1] like castor cake (contains 4 to 5% of nitrogen) and groundnut cake contains 8.5% nitrogen) which are largely produced in the province. Moreover there are large sources of fish manure, bones and bone meal which supply both phosphates and nitrogen. On top of these, extensive deposits of natural phosphates lay in the Trichinopoly district. Thirdly, on the research and technological side Coimbatore has become a veritable research colony whose improved sugarcane varieties (known as 'Co' canes) have attained high reputation all over India. The demand for the produce is secure in the province as well as outside. The yield of the cane in the province records a relatively high yield, only next to Bombay, pushing the U.P., Behar and Orissa behind. Thus it is slowly becoming recognized that this province is one of the most suitable parts of India for sugarcane cultivation and the several deep-rooted varieties of cane which have been evolved at Coimbatore requiring very little water supply are especially suited for conditions obtainable in several areas of the presidency where they grow better than in the North.

Technical Research and Crop Improvement

Technical research is the basis of all improvements. Considerable research has been already done in breeding of sugarcane and production of improved varieties[2] under the able supervision of Dr. Barber, Sir T. S. Venkata Raman and Mr. N. L. Dutt, at the chain of research stations connected with Coimbatore, known as the Coimbatore schemes. Some work in cane breeding is also being carried out in Mysore known as H.M. canes (H.M.=Hebbal Mysore). Improvement is still possible in (a) selection of varieties resisting pests and diseases; (b) substitution of better varieties in place of good ones already in use, especially those which are more responsive to manurial treatment.

As a contrast, achievements in other sectors of research are not very remarkable. At Barhanpur in the Ganjam district (now trans-

1. Indian soils are generally deficient in nitrogen and phosphoric acid. The expert opinion is that organic manures are more suited to the Indian conditions than chemical manures, economically and technically. Organic manures like composts, green manure, oil cakes, night soil, plant ashes, etc., may be applied while preparing the soil and the chemical manures may be used for top dressing.

2. Improvement lies in superior quality or its heavier yielding capacity or in disease resistance or better adaptability to environment. Usually the improved variety chosen for introduction combines several of these advantages.

ferred to the Orissa province) some work has been done in the matter of collection and study of existing varieties of paddy and the production of new varieties suited to the conditions of the various parts of the province. A number of cultivation and manurial experiments have been made here. Yields and nutrition values of cholam (jowar), cumbu (bajra), ragi, navane (tenai) have been studied in the Millet section under the guidance of Mr. G. N. Rangaswami Aiyangar. The main purpose of the work has been to find strains or varieties of these millets suited to the different local conditions, and where necessary, resistant to the striga disease. Immune and resistant varieties have been imported from Africa and used as parents in the cross-breeding work. Under the guidance of the Indian Central Cotton Committee research is being carried in the province which may be summed up in the triple schemes of Pempheres scheme, scheme for improvement of Mungari cotton and scheme for improvement of the Coconadas [1].

As a result of the technical progress, the area under new and improved crops has been increasing rapidly. From 78,000 acres in 1920-21, it has risen nine times by 1930-31 to an area of 7,09,000 acres which has reached the figure of 19,44,000 acres in 1935-36, registering 2.7 times increase over the figure in 1930-31. It is not easy to calculate due to practical difficulties precisely by what percentage the yield of the crops has been enhanced on account of the cultivation of new and improved varieties. It is unfortunate that the gap between technical improvement and practical agriculture is wide in India. Attempts are to be directed therefore to carry the fruits of research to the door of the peasantry by a direct method of carrying research to the farm of the average ryot, instead of taking the farmer to the experimental farms. Any effort to up-grade the farming efficiency inescapably implies the up-grading of the farmer as well, by dispersion of general and technical knowledge and by removing the existing obstacles and raising him in economic status and welfare.

At this stage, one may pause and ask, is it possible to alter the existing equilibrium of the crop structure? Should it continue with the top-heavy concentration in paddy and millets? Is it desirable to allow the recent tendencies which set in for the rapid cultivation

1. The Twenty-second Annual Report of the Indian Central Cotton Committee, 1943, see Ch. V, Pp. 83-84.

of certain crops and the corresponding shrinkage in others in the larger interests of the agricultural economy of the province? Answers to most of these may be found in the foregone discussion[1]. Every possible attempt must be made to stabilize the growing tendencies in cropping upto a *'safe limit'* making full provision for attaining a state of self sufficiency in food and a balanced dietary system. A system of acreage allotments and marketing penalties may be adopted[2] to control cultivation of crops. As a measure of releasing some of the suitable irrigated areas under paddy and millets, a deliberate drive may be switched over for the expansion of sugarcane cultivation soon after an easing of the food situation in the country. As the present food situation in the province is only a product of highly extraordinary conditions in India and in the whole world, the suggestions made here need not be deemed ill-advised in a long-term policy.

1 See my paper on 'Our Food Problem, with special reference to the Grow More Food campaign submitted to the All-India Food Conference held at Pohri (Madhyabharat). Vide Special Number, Rural India, Bombay, March 1949.

2. cf. John E. Mason, Acreage Allotments and Land Price *vide.* The Journal of Land and Public utility Economics, May 1946, pp. 176-181.

CHAPTER II

DEMOGRAPHIC CONDITIONS

For any study of agrarian problems, the question of demographic situation is of key importance. History reveals that population pressure has a powerful bearing in influencing economic conditions and moulding the character of a nation. In the past demographic forces have constituted a potent urge for invention, enterprise, adventure, emigration, settlement and discovery of new regions or, sometimes, even to wars. In every country rural life conditions are determined not only by the structure and conditions of production of agriculture, but to a considerable extent the economic and social standards are governed by the demographic conditions. Density of population, its composition, intellectual, technical, moral and cultural development have all their impact inescapably on the evolution and patterns of economy of a society. Therefore, in order to understand and improve the conditions of rural life, a knowledge of demographic conditions is essential.

Population Growth

If Bengal and the U.P. are left out, Madras is the next thickly populated province accounting for about one-eighth of the aggregate population of India. During the past sixty years beginning with the Second Census the population has multiplied itself by more than half of its size. "Madras records the highest percentage increase among the provinces of India since 1881 and the total increase since that year (till the census year 1931) is 15·57 millions which is greater than that of Bengal and nearly 18% of the increase (87·6 millions) of the country as a whole[1].

Distribution of Population

Variations in the growth and distribution of population in various regions and in different areas within the same region are the

1. Dr. Gyanchand: India's Teeming Millions, 1939, Ch. iii, p. 57

Note: During the period 1931 and 1941 the increase in population of the province is 11.6%.

Table No. 1.

Growth of population by natural regions, during 1891-1941.

Natural region.	Population in 1891.	Population in 1941.	Net variation during 1891-1941.	Percentage of Growth.	Order according to growth.
1. East coast, North ...	8,201,864	12,726,498	4,524,634	55.1%	1
2. Deccan ...	3,444,163	4,425,411	981,248	25.5%	5
3. East Coast, Central ...	9,909,417	15,098,998	5,189,591	52.3%	2
4. East Coast, South ...	8,371,829	11,428,253	3,056,424	36.5%	4
5. West Coast ...	3,805,391	5,662,650	1,857,259	48.9%	3

result of physical and geographical factors like rainfall, irrigation, fertility of land and development of natural resources in general, as described in the first chapter, in addition to considerations of eugenics. At one extreme, in the poor districts of Cuddapah, Kurnool, Bellary, Anantapur and Nellore the density is very low. In the Agency tracts of Vizagapatam and East Godavari districts, it is the lowest, below 75 per sq. mile. While at the other extreme, we come across densely populated areas excluding Madras district in the plains of East Godavari and Vizagapatam, the districts of West Godavari, Chingleput, North Arcot, Tanjore and Malabar which comprise 41% of the total population. Deleting these two extremes, the population in the rest of the areas is more evenly distributed. There persists a tendency for the "more densely populated portions of the province", mentioned above, "to increase their numbers.[1]" Thus the density of population has increased between the past two decades by 106 (=605 — 499) in the Vizagapatam plains; by 136 (=714 — 578) in the plains of the East Godavari district; by 122 (=567 — 445) in the West Godavari; by 121 (=552 — 431) in the North Arcot, and in Malabar by 144 (=679 — 535).

Mortality and Longevity of the People

A study of vital statistics for the period from 1931 to 1939 shows that in general the rate of mortality in urban areas is higher than that in the rural part by 5 points except for the years 1933 to 1935, when the death rate in rural areas exceeded the rate in the urban areas by about 7 points. It may perhaps be due to the increased number of deaths recorded during those years consequent on dysentery and diarrhœa and the ratio of deaths for males being slightly higher by about 1 per cent. than that of females during the years. The ratio of deaths and births of the

1. Cf. The Census Report, 1921.

Note: It may be noted, however, that in the Cauvery delta (Tanjore district) which has a very high density of 686 persons per sq. mile, and which is one of the most fertile regions with good irrigation facilities, the population growth is found to be practically flat during the last fifty years. The adjustment between production and population must have been reached long back. Broadly speaking, high density of population is associated with the deltas and the rice-growing tracts of the province.

province[1] during the period does not deviate much from the averages given for India as a whole. Therefore, it shall not be wrong if it is asserted that the mean longevity of the people is nearly 26 to 27 years, a period generally quoted for India.

Sex Ratio

One of the curious features noticeable with the population of Madras is the sex ratio. The population of the Madras Presidency, on the whole, contains more women than men, although the general tendency has been towards a decline of the proportion of females. Recorded statistics also show that in regions where the Dravidian-speaking race elements and primitive tribes predominate the proportion of female births is higher than where the Indo-Aryan speaking elements and higher castes prevail[2]. Another province in which there has been an excess of women over men is Orissa, though the C. P. may be added, if Berar be excluded. This may be due to

1. Compared to other countries of the world, the levels of birth-rates and death rates are high in India and more so in Madras as may be seen from below: —

	Birth rate per 1,000.	Death rate per 1,000.
Canada	20·3	9·6
United States of America	17·3	10·6
Germany	20 3	12·3
United Kingdom	15.3	12 2
Australia	17 7	9·9
Japan	27·0	17·6
India	33·0	21·8
Madras Province	34·3	23·2

A scrutiny of the trends of birth and death rates in the Province during the period 1901—1944 shows that on the whole the birth rate tended to increase, while the death rate remained fairly constant leading to a continuous increase in population growth in the province during the period Vide-Rural Problems in Madras by S. Y. Krishnaswamy, Madras, 1947, Ch. ii, pp. 17-19.

2 See Dr. Radhakamal Mukherjee: Food Planning for Four Hundred Millions, 1938, Ch. xv, pp. 231-33. The number of females per 1,000 males of all ages for certain communities in the presidency are: Pariyan (1,055), Marawan (1,036), Panchama (1,027), Savara (1,024), Ayavaisya (973) and Malayalee Brahmin (860).

Cf. *Ibid*: "In Travancore most of the primitive tribes and the castes included in the Marumakkathayi show an excess of females over males. Similarly in Cochin the Marumakkathayam communities and the indigenous Malayali castes have generally a striking excess of females. It is in Travancore rather than in Cochin or in Madras Province that any correspondence between a high sex ratio and racial elements can be clearly discerned."

racial qualities and social customs which favour a female more than a male. It throws light on the Gross Reproduction Rate of the presidency which is more than unity. For calculating the Net Reproduction Rate the number of females in different age groups of the child-bearing period, the average number of female children born to these mothers and their corresponding death rates at different ages are to be ascertained. Broadly speaking, the tendency of population growth has been to follow the sacred word: "Go ye and multiply."

Incidence of Demographic Pressure

In the absence of adequate industrialization, the impact of the demographic pressure has fallen heavily on the rural side as seen from the table below:

Table No. 2

Showing the percentages of urban and rural population of the province during 1921 *to* 1941

Region	Percentage to total population (1921)	Percentage to total population (1931)	Percentage to total population (1941)	Variation in period 1921—41
Urban	12.5%	13.6%	16%	+3.5
Rural	87.5%	86 4%	84%	—3.5

In spite of the much advertised industrialization of the country since World War No. I, there has been no considerable change in the rural congestion[1]. It is wrong to infer that the percentage

1. The statistics below indicate the percentages of urban and rural population to total population of the province during the last five decades:

Census year	% of urban to total population	% of rural to total population
1891	9.6	90.4
1901	11.2	88.8
1911	11.8	88.2
1921	12.5	87.5
1931	13.6	86.4
1941	14.9	85.1

Compared to other countries like Canada (46%), Northern Ireland (49%) and France (51%), the proportion of the rural population to total population in the Province (84%) is very high, although the figure is slightly lower than that for India as a whole (87%). However, a rapid urbanisation is taking place in the province, and generally in India during the last 6 or 7 years. Cf. The Indian Rural Problem—by Sir Manilal B. Nanavati and Prof. J. J. Anjaria, Ch. i, p. 23.

decrease of population in the countryside is due to a large absorption in the industries[1]. The increase in the number of towns is in itself a result due to the effects of rapid growth of population together with spread of communications, higher educational institutions and migration for employment. As 68% of the population are engaged in agriculture, it is obvious that a large bulk of the people are agriculturists and that ultimately the incidence of population pressure falls on the agrarian economy.

Occupational Distribution

From the table No. 3 and diagrams (1 and 2), it may be noticed that agriculture is by far the predominant occupation in the province accounting for 71% of the people in 1921, though the percentage is slightly less in 1931 to a certain extent due to the change in the method of classification adopted. The number of persons employed in industry and trade are approximately 1/6 and 1/12 of the number of persons depending on agriculture. According to the census of 1931, in Madras[2] out of every 10,000 persons enumerated 4,449 are now working and depend for their living on those who work. Only, 5,551 constitute earners and working dependants, out of whom 2,702 are dependent on agriculture, forestry, stock raising, fishing and hunting, as well as exploitation of minerals, whereas 767 depend on industry, transport and trade; 111 on public administration, professions and liberal arts; and 1,971 are enumerated as 'miscellaneous'. Among subsidiary occupations, industry occupied almost an equal place as agriculture. It is natural that when agriculture is the main occupation of the bulk of the people, other means of living are bound to figure prominently in the role of subsidiary occupations to supplement the meagre earnings of the agriculturists.

1. Cf. "In India during the last three decades there has been a decline in the relative population of industrial employment in relation to the total number of workers, this accompanying a process which may be described as de-industrialization···This has increased the occupational unbalance in the country and the pressure on the impoverished soil." Prof. Radhakamal Mukherjee: Food, Planning for Four Hundred Millions, 1983, pp. xii and xiii.

2. Ibid, table No. I (a), P. 251.

With the increase in population the proportion of available arable land per head is decreasing, or the number of people per 100 acres of cultivated land is found increasing during the last forty years, as may be seen below :—

Year	*Cultivated area per head*	*Man-land ratio*
1911	0·78	288
1921	0·79	313
1931	0·78	315
1941	0·69	326

No doubt, every effort has to be made for a rapid development of large scale as well as small and medium scale industries as a measure of relieving the increasing population pressure on land. But agriculture still is going to remain to be the main occupation of the majority of the people in the province. Indeed, industrialisation is not the only way of providing employment for the people and, therefore, the problem of removal of a huge number of persons depending on land should not be looked at as one of transferring large mass of people from agriculture into industrial occupations alone. There are yet other ways of providing employment besides agriculture and industry, such as professions, distributional and other services, the scope of which has to be fully expanded with equal emphasis as industrialisation of the province. Such a policy is imperative not only for providing full employment to the people but also for arriving at a balanced system of occupational distribution of population and the full utilisation of the natural resources for a well rounded growth and progress of the country as a whole. With the rapid economic development, the poverty of the people will vanish and the standard of living will rise and there will be an expanded field for almost all occupations to absorb an increased number of the growing population.[1]

1. Vide. My paper on 'The pressure of population on agriculture and the problem of its removal', Proceedings Vol. of 8th Conference of Indian Society of Agricultural Economics, 1948, Pp. 81-83.

Table No. 3

Showing the occupational distribution of population in the Province for the Census years 1921 *and* 1931.*

Occupation	1921 (in thousands)	1931 (in thousands)
1. Pasture and agriculture ..	14,987	12,570
2. Fishing and hunting ...	114	167
3. Mining ...	4	13
4. Industry ...	2,216	2,288
5. Transport ...	209	295
6. Trade ...	1,204	1,035
7. Public administration and Arts	407	523
8. Miscellaneous ...	1,347	9,305 †

Diagram No. 1, showing the relative importance of chief occupations of those actually occupied per 1,000 total population (in 1931).

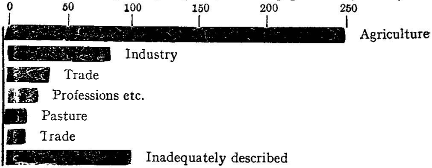
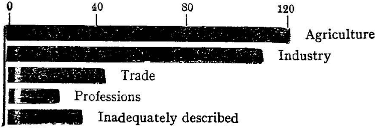


Diagram No. 2 showing the relative importance of subsidiary occupations of those actually occupied per 1,000 total population (in 1931).



* Compiled from Table No. iii, pp. 255—259. The Census Report of India, 1931, (Madras) Part I.

† 'Miscellaneous' includes persons living on their income, domestic service, 'unproductive' like beggars, vagrants, prostitutes and prisoners as well as insufficiently described occupations.

Note: Since corresponding figures for the year 1941 are not available only figures upto 1931 are presented in the table, which may not have much statistical value to judge the position of the occupational distribution in the fifties, especially in view of the great changes that took place after 1931. Even the figures for the years 1921 and 1931, strictly speaking, cannot be taken as a precise guide for purposes of comparison owing to the variation in the method of

Effects of Demographic Pressure

The major effects of the incidence of the human factor on the environmental setting are reflected in the principal ways outlined as follows.[1] "Owing to the slow rate of economic expansion, the rapidly increasing population had to remain in villages, thus causing over-crowding, which reacted on the agrarian structure of the province and led to excessive splitting up of the peasant properties and impoverishment of the soil.[2]

Secondly, the extreme reduction of the size of holdings has had its repercussions on the land-lease market. It gives rise to a chain of reactions. Quick processes have set in wherein the peasantry are being reduced to occupancy tenants owning dwarf holdings, they, in their turn, to landless tenants who finally lose themselves in the mass of the agricultural proletariat, adding at each stage to a general deterioration of agrarian relations. The demand for land has increased which has pushed up land values to a high pitch totally unrelated to the returns from land. It has given rise to an increasing number of the parasitic class, the absentee landlords. Excess of demand for leasing land over its supply has introduced the element 'rack-rent' under conditions prevalent.

In fact, an increase in population tends to raise rents for two reasons: firstly, due to increase in demand for consumption of food for the increased mouths to be fed and, secondly, due to increased numbers clamouring for land to cultivate on tenancy from a small bulk of people where land is concentrated. The first may be offset by importation of food grains from other countries so that the increase in demand for food requirements may be met by an equal or greater rate of imports. It is said, due to the increase of landless labour and small occupancy tenants with tiny holdings of their own, the system of share-cropping has been gaining ground.

Consequently, agriculture is on a deficit economy. Sir John Russel points out that in many villages he visited where rural uplift work is

classification of occupations, e.g., in the Census of 1931, the removal of artisans to non-industrial group has reduced the number employed in industry. Similarly, the exclusion of non-working dependents and domestic servants from agriculture is reflected in the reduction of people depending on agriculture and a great increase under Miscellaneous' in the 1931 census figures.

1. A detailed discussion of some of these items is found in the later portions of the thesis.

2. League of Nations European Conference on Rural Life: Poland—January 1940, Ch. 1, p. 8.

being done, he was shown a balance sheet of incomes and expenditure of selected families and almost invariably there was a deficit which had to be made up by borrowing from the village money-lenders[1]. Under such conditions, poverty and indebtedness of the peasantry and the low level of employment and wages for agricultural labour are not incompatible with the general conditions of agrarian economy[2]. As a matter of fact, some of the most difficult problems of land policy during British rule have arisen on account of the heavy pressure of population on land. For example, the problems of rack-renting, small and fragmented holdings, sub-letting, exemption of uneconomic holdings from payment of rent or revenue, and abuse of the tenancy law are all ultimately connected with the evils of demographic pressure[3].

Migration and Emigration

The Famine Commission of 1880 has observed that the numbers who have no other employment than agriculture are greatly in excess of what is really required for the thorough cultivation of land. The surplus population on land naturally finds an outlet partly in migration which is of a seasonal and of a semi-permanent character. There are two aspects of the question: first, migration within the presidency from one area to another[4] and, second, migration outside the presidency to other provinces within the country. The latter is called emigration when people go abroad to places near or distant. It is often said, whether in praise or with malice, that the people from South make good migrants or emigrants, for they possess the qualities of hardihood, enterprise and quick adaptability to the new environs. Doubtless the Tamil-speaking people have been foremost in their spirit of enterprise in this respect, though the people of Malabar do not lag behind. The Andhras too have begun to help themselves a little bit very recently.

In the matter of migration to other provinces the labour class and the educated poor or the lower middle classes

1. Quoted in 'India's Teeming Millions', by Dr. Gyanchand, ch. IX, P. 240.

2. See my paper on 'Pressure of Population on Agriculture and the Problem of its Removal': vide Proceedings vol. of the 8th Conference of the Indian Society of Agricultural Economics held at Sriniketan, Dec. '47, pp. 74-83. In fact, considerable portions regarding 'incidence and effects of demographic pressure' in the chapter are included in the paper quoted.

3. Cf. Land Revenue Policy in U.P. Under British Rule, by B.R. Misra 1942, Ch. 1, p. 6.

4. See Mobility of Labour, ch. viii.

constitute the bulk of the population who go to the industrial and commercial centres of Bombay and Bengal, in particular, in search of employment or some economic gain. During the thirty years from 1901 to 1931 the province has lost a net population (that is, net population after deducting the number of people returned from the number of people migrated in each decade) of about 17.2 per cent., or nearly a little less than a fifth of its total population at the 1931 census. A discussion of how far the free mobility of population has been checked by impediments like the Government regulations, defective communications or the inertia of the people is out of place. However, the Central Government must see that the ideal of "the abolition of all restrictions on the movement of labour throughout India should be attained[1]."

The people of the Southern districts of Tamilnad and the Northern Circars have shown the capacity to help themselves by emigrating in large numbers to Ceylon, Lower Burma and British Malaya. During the five years (1922 to 1926) about less than half a million people emigrated to Ceylon and British Malaya mostly from the Madras South. Migration into the States of Mysore, Travancore, Cochin and Coorg is not considerable. Racial prejudices and racial and political discriminations set on foot in various countries portend that there is not much scope for emigration. Opinions are prone to differ about the economic gains or otherwise of the emigrants[2].

1. Cf. The Royal Commission on Agriculture, 1928, Ch. xvi.

2. Though it is not possible to make a detailed examination of the conditions and the Psycho-analysis of the people under which they migrate or emigrate, the following observations of some of the investigators are interesting. Mr. P. S. Lokanathan ascribes the decline in population in Pattamadi village during 1901-11 to "the yearly emigration in large numbers of the Muhammadans and Panchamas to Bombay, Colombo, Rangoon, etc. The Muhammadans serve there as coolies or rickshawallas······They consider it beneath their dignity to work as labourers in the village, but have no objection whatever to working outside as coolies": *vide* Some South Indian Villages, edited by Dr. Gilbert Slater, 1918, p. 212.

Another investigator observes that in Palakkurichi village "Emigration to Indian cities seldom occurs, but emigration of Padials or poor tenants or peasant proprietors to foreign cities such as Colombo, Rangoon, Singapore and Penang is common. As these people do not go there with any capital, they seldom make profits, and as many of them go there through emigration depots, they return poorer and emaciated. But their account of their wanderings and experiences in such foreign places, which have a halo of romance about them, usually induces people to try their chance and thus causes a general unrest in the village and its neighbourhood"—*Ibid*, p. 82.

However, it may be accepted that savings of the emigrants on their return or their remittances to their dependents at home depend largely on their earning capacity and the necessary expenses to be incurred for maintenance in the places where people migrate and also on their character in order that their savings may not be frittered away in foolish ways.

To resume, in the first Chapter an attempt is made, firstly, to analyse the physical basis of the presidency, its mountains, forests and wasteland, soils, climate, irrigation, crop associations and technical research as determining the productive capacity of agriculture. Next task, in Chapter two, has been to relate the actualities and potentialities of these factors to the human factor and throw light on the complex forces so evolved out of this interaction of physical and human factors. This may constitute a right perspective for an understanding of the rest of the chapters.

CHAPTER III

LAND SYSTEM

Economic Significance of I and Tenures

Land system or the way in which agricultural land is occupied, cultivated and taxed has a powerful bearing on the nature and extent of land utilization and distribution of farm income. Security of tenure gives the necessary zeal for application of labour and improvement in land. So long as the tenure of land is found unstable and the rent is high, the tenant finds no interest to take the initiative to effect any kind of marked and permanent improvement in land or its effective utilization. Henry Fawcett observes: "It is hopeless to expect that there can be good farming, when the cultivator is a mere tenant-at-will who is ever liable to be ejected or to have his rent raised in proportion to the improvement produced on land by either his skill or his capital." Dr. Voelcker, the Chief Consulting Chemist to the Government of India, pointed out in his report as long back as 1889 that defective land system was one of the causes of low productivity of agriculture in India. According to Prof. A. C. Pigou,[1] in the absence of the effective clause in terms of the lease contract for compensation against neglect or injurious land utilization, wasteful exploitation may be the rule during the latter years of a long lease and during the whole period of a short lease, with the result that the loss of marginal social net product will be more than the gain in the marginal private net product accruing to the tenant. Owner-cultivation is usually reckoned as more efficient than cultivation under tenancy in whichever form. This is in so far as productivity and conservation of soil resources are concerned. As for the distributional aspect of land tenures, that is, distribution of farm income between landlord at the top and the cultivating ryot at the bottom with successive grades of middlemen standing one upon the other; and again distribution between the landlord and the overlord or the Government, as the case may be—the significance of land system is much more striking. The

1. Cf. "A farmer, in the natural and undisguised endeavour to get back as much of his capital as possible, takes so much out of the land that, for some years afterwards the yield is markedly reduced." Prof. A. C. Pigou, Economics of Welfare, Ch. viii, p. 174.

division in the former case is determined according to the nature and conditions of tenures prevalent in a particular region and, in the latter, by the method of land assessment. The process may be fair and simple in the case of a peasant proprietorship under the ryotwari system. It may be complex and inequitable in case of absentee-landlordism found either in the ryotwari area or under a regressive zamindari tenure. As Malthus wrote to Ricardo in 1821, it is not uncommon to find that 'from want of proper distribution of actual produce, adequate motives are not furnished to continue effective production'. Owing to unfair distribution of incomes among the parties interested in land, *viz.*, the landlord, the tenant and the field labourer barring the Government, the zamindar and the host of other intermediaries existing between the State and the actual tiller of the soil, land is not put to its maximum use. The natural consequence is low yields of crops which in its turn reduce further the low income levels of the peasantry. Thus the vicious circle is completed, detrimental to the wealth and welfare of the agrarian economy.

Objectives of a Tenure Policy

The above discussion goes to show that the tests of a good land tenure system are mainly two. One, it is to encourage effective utilization and improvement of land to increase the yield from the soil; and two, to favour an equitable distribution of the net returns thus obtained among the various elements which constitute to 'produce' it. If relief for the small holder or weak tenant is the aim, the land tenure policy has got to strengthen them. The tenant is to be transformed into a peasant-proprietor with economic holdings or, at least, the relationship between the tenant and landlord must be improved. Such an objective shall not be incompatible with the first of the 'conservation' of the land resources. It may be possible, therefore, to discern some fundamental objectives in the practice and formulation of land policies. The tenure pattern of the period must be adopted as national economic goals are progressively achieved. The goals that appear most pertinent to the economic analysis are those of a (a) greater income; (b) greater equality; (c) greater security and (d) greater efficiency.[1]

1. Carnard H. Hammar: Essay on "The Land Tenure Ideal", *vide*, The Journal of Land and Public Utility Economics, Vol. XIX, p. 69 (Feb. 1943 to Nov. 1943).

Motives Underlying the Evolution of Different Land Tenure Types in the Province

An analysis of the evolution of the land tenture system in the Presidency betrays conspicuous absence of any or all of these motives. There has been no well conceived tenurial policy as such till now. In early British period the land tenures evolved might be said to be the mere bye-products of the various kinds of settlements made from time to time for purposes of revenue collection from land. Lands were settled as they came under British acquisition. When it suited them that a permanent settlement with the zamindars and local military chiefs would ensure them a stable source of finance for expensive wars in early period, they framed a permanent settlement in the Northern Circars and with the Poligars of the southern districts. When it was discovered subsequently that extension of permanent settlement to the other parts of the province would involve "financial loss" to the Company, the scheme was set aside and schemes of triennial and decennial leases were enforced. It is only in the Ryotwari settlement in the Baramahal district, which was later on formulated and enforced by Sir Thomas Munro, anything like a definite policy based on a comprehensive plan was conceived for the first time. Until the middle of the nineteenth century, the Government initiative in land policy was chiefly the realization of a stable revenue from land with ease and convenience. The Government was not conscious of their duty to keep a parity between landlords and tenants and see that the former were fulfilling their duties properly and the latter were not exploited. However, soil conservation and its improvement might be one of the objectives of the permanent settlement. But there was no 'primary motive' of giving relief to the disadvantaged classes in the land settlement policy till recently. On the contrary, there seemed to be a deliberate attempt to create a hierarchy of an unequal agrarian social structure to ensure and perpetuate their territorial annexations, thus harnessing agrarian economy to imperial expansion and consolidation. In fact, Lord Cornwallis in a despatch of August 2, 1789, addressed to the Court of Directors of the East India Company, writing on the permanent settlement stated "..Independent of all considerations, I can assure you that it will be of the utmost importance for promoting the said interests of the Company...that a regular gradation of rank may be supported which is nowhere more necessary than in this country for

preserving order in civil society[1]". Traces of this element in the land tenure policy in the province are not inconsistent with the colonial policy of the British in the later period adopted to the country in general. As a result, the land system in Madras as it exists at present is composed of heterogeneous types of land tenures which have been responsible for the existence of large tracts of wastelands and low standard of cultivation, on the one hand, and, on the other, for great mal-distribution of farm income leading to rural poverty, indebtedness and agrarian discontent in the province.

Land Tenure Types

The chief land tenure types in the presidency fall into two broad divisions, *viz.*, the Ryotwari system and the non-ryotwari system. The latter may be further classified as the Zamindari or the permanently settled estates and the Inams and other minor tenures. Besides, the tenures in Malabar and South Kanara and the land settlement in the Agency tracts deserve separate study.

The most extensive system of land tenures prevalent in the presidency is the Ryotwari system which comprises about two-thirds of the total area. The extent under the permanently settled estates, Inams, etc., constitute approximately about a third of the area of the presidency. The total number of Zamindari estates in the province are about 1,500 while the 'Agraharams' 'Mokhasas', that is, other favoured tenurial estates approximate to 5,000. About a half of the area of the seven Andhra districts of Vizagapatam, the East Godavari, the West Godavari, the Kistna, Guntur, Nellore and Chittoor is under the Zamindari.

The statement No. I attached shows the classification of area and the degree of prevalence of the chief tenure types in the province excluding tributory states according to number of villages and their areas in various districts. At a glance, it can be seen that the only districts where there are no permanently settled estates are the four Ceded Districts and the extreme south-west districts of Malabar, South Kanara and the Nilgiris. Although there are no Zamindaris or Inams in the latter group of districts, however, we have their

1. An inquiry into the expediency of applying the principles of colonial policy to the Government of India, 1822, p. 185, *Vide*, the Structural Basis of Indian Economy by H. Venkatasubbiah, 1940, Ch. I, p. 24.

STATEMENT No. 1.

Showing the degree of prevalence of the chief tenure types in the province according to number of villages and their areas.

District.	Classification according to villages: Ryotwari including minor inams No.	Non-ryotwari: Zamindari No.	Non-ryotwari: Whole Inam No.	Total of Non-ryotwari No.	Total of all villages No.	Classification according to area: Ryotwari including minor inams (Acres)	Non-ryotwari: Zamindari (Acres)	Non-ryotwari: Whole Inam (Acres)	Total of the Non-ryotwari (Acres)	Aggregate of all areas (Acres)
Ganjam ...	P. 1008	P. 2904	P. 709	P. 3613	P. 5098	P. 1,413,525	1 719,571	231,082	2,414,098	5,364,818
	A. 2228	A. 682	A. Nil.	A. 682	A. 2483	A. 1,537,200	463,440	Nil.		
Vizagapatam ...	P. 252	1655	828	P. 2483	P 2735	P. † 556,148	2,401,820	420,260	9,970,414	10,999,240
	A. *339	8597	20	A. 8617	A. 9006	A. 472,678	6,657,586	490,798		
E. Godavari ...	P. 437	P. 831	P. 79	P. 410	P. 847	P. 939,656	556,840	93,561	1,583,681	3,941,829
	A. 651	A. 501	A. 9	A, 510	A. 1161	A. 1,488,492	929,776	4,004		
W. Godavari ...	859	272	146	418	777	9,100,390	399,693	210,898	610,091	1,511,021
Kistna ...	406 (N.M.)	433	207	640	1046	1,035,956	1,002,596	231,234	1,233,830	2,269,726
Guntur ...	758	64	161	225	983	3,338,402	121,734	224,824	346,558	3,684,960
Kurnool ...	695	Nil.	89	89	784	4,874,114 (Inc. M.I. 673703)	Nil.	120,215	120,215	4,994,329
Bellary ..	962	...	Nil.	Nil.	962	3,068,778	...	...	...	3,655,359
Anantapur ...	752	...	134	134	886	4,152,602 (Inc. 394770 M.I.)	...	153,479	153,479	4,306,081
Cuddapah ...	758	...	218	218	976	3,509,710 (Inc. M.I. 303868)	...	214,980	214,980	3,724,695
Nellore ...	531	927	286	1213	1744	2,530,029 (Inc. M.I. 197732)	2,130,349	426,822	2,557,171	5,087,200
Chingleput ...	1497	529	293	822	2319	1,861,484	386,565	217,848	604,413	1,965,897
South Arcot ...	2215 (N.M.)	110	66	176	2391	2,481,706	156,304	54,998	211 892	2,693,098
Chittoor ...	469	1641	498	2139	2608	1,834,719 (Inc. 106894 M.I.)	1,350,079	594,067	1,944,146	3,778,865

STATEMENT No. 1—(*Continued*)

Showing the degree of prevalence of the chief tenure types in the province according to number of villages and their areas.*

District.	Classification according to villages					Classification according to area				
	Ryotwari inclnding minor inams	Non-ryotwari		Total of Non-ryotwari	Total of all villages	Ryotwari including minor inams	Non-ryotwari		Total of the Non-ryotwari	Aggregate of all areas
		Zamin-dari	Whole Inam				Zamindari	Whole Inam		
	No.	No.	No.	No.	No.	(Acres)	(Acres)	(Acres)	(Acres)	(Acres)
North Arcot ...	1678	370	52	422	2100	2,672 877	261,644	47,865	809,509	2,982 386
Salem ...	1457 (N.M.) (no M. Inams.)	477	254	781	2188	3,437,867	967,862	117,378	1,085,240	4,517,107
Coimbatore ...	1083	42	13	55	1088	4,434,708 (Inc. M.I. 210576)	75,089	45,462	120,551	4,555,259
Trichinopoly ...	709	269	143	412	1121	2,234,170 (M.I. 122007)	376,960	150,181	527,091	2,761,261
Tanjore ...	1430	218	1205	1423	2853	1,665 289 (Inc. M I. 79805)	199,483	532,132	731,615	2,396,896
Ramnad ...	155	1786 Sivg. Za.	1707	3493 Sivg. Za.	3648 Sivg. Za.	466,566	1,936,143	737,599	2,673,742	3 140,268
Madura ...	702	247	207	454	1156	1,656 875	710,598	117,205	827,803	3,142,630
Tinnevelly ...	581	287	218	505	1086	1,818 308 (Inc. M.I. 46461)	801,175	169,216	970,391	2 788,699
Malabar ...	1757	Nil.	Nil.	Nil.	1757	3,705,097 (Inc. M.I. 13107)	...	...	...	3,705,097
S. Canara ...	799 (N M.)	...	...	...	799	2,571,455	...	...	...	2,571,455
Nilgiris ...	54 (N.M.)	...	...	...	54	633,353	...	...	...	633,353
Total ...						68,917,166	23,604,847	5,606,098	29,210,945	91,171,529

* Prepared from the Statistical Atlas of the Madras Presidency, Government of Madras, 1936.

Note:—P. Plains. A. Agency.

Note † It includes areas under minor inams 49,856 acres.

N. B, For Palkonda, Golugonda, Salur, Sranganarapu, Viravalli & Parvatipur taluks the extents under various heads are not available separately for the Agency portion. The taluka areas as a whole are given in the statement for the Plains.

counterparts in the tenures obtained in the districts which deserve a separate treatment in an appropriate place. The district of Vizagapatam, the largest in India and the most populous in the province, is largely occupied by the non-ryotwari estates which account for about nine-tenths of the total area of the district. About 40 per cent. of the area of the Telugu districts is under the non-ryotwari system, while it is 26 per cent. in the Tamil districts.

For a more comprehensive understanding of the subject, it is necessary to trace the *origin and development* of these chief tenurial systems in their bare outline.

There was no remarkable change in the nature of land tenures in the province consequent on the Mahommadan conquest of South India which might be considered no more than a military occupation. After the advent of the British, they began to tackle the question of settlements of land only towards the end of the 18th century. Therefore, there was no uniform system of land tenures even before the question was faced by the British administrators. For instance, in some parts, Zamindars or native chiefs held large tracts of land. In some others, village headman or village community was held responsible for a lump sum annual payment. As the administrators of the Company and those in the early British period approached the problem from the view-point of revenue collection, the assessments had been determined according to the needs of the exigencies of early wars. The process of settlement clearly followed the process of acquisition, the revenue of each area having been settled soon after its acquisition[1]. The final consequence has been the haphazard growth of different tenurial types, each with peculiar characteristics of its own, which has imposed on the province an iron frame-work leading to the effect of loss of enterprise and initiative of all classes concerned.

Zamindari System

The institution of permanent settlement with the Zamindars in the presidency was largely due to outside influence. After the

1. From the revenue viewpoint the Jaghir comprising the present districts of Madras and Chingleput was the first acquisition. Next the tract of Northern Circars was acquired. The districts of Salem, Dindigul and Palni talukas of the present district of Madura, and also Malabar and Coimbatore were annexed after the Mysore wars. Later on the Districts of Bellary, Anantapur, the Palnad taluk, Cuddapah and Kurnool were ceded. The Carnatic districts were acquired in July 1801. These acquisitions virtually complete the territory of Madras.

establishment of a permanent settlement in Bengal on the English model, the Madras Government was pressed hard to follow the Bengal example.[1] A series of measures followed between 1795 and 1802 which decided the establishment of a permanent settlement in the Northern Circars. The following were the main phases of the controversy. The Court of Directors issued orders to follow the Bengal experiment in 1795. But it was not favoured by the Madras Government who asked for time for collection of necessary data. Some of the eminent District Officers maintained that the establishment of a permanent settlement would not be possible except in the Northern Circars in the face of too meagre and inadequate knowledge about the area and economic conditions in other parts of the presidency. "But in 1799 positive orders were issued and threats were conveyed that officers found slack in introducing Zamindari system would be removed."[2] Under these circumstances, the Madras Government reported that they could acquire data for a permanent settlement only in certain parts of the province. A special committee was appointed and during the years 1802 and 1804 a permanent settlement was carried out in the Circars and with the Poligars in the districts South and West of the province.

The method and basis of assessment adopted in enforcing the principle of a permanent settlement in the districts of the Northern Circars were as follows: the basis of assessment adopted was more or less the basis of gross assets, the assessment known as *peshkash* having been fixed at the ratio of 2/3 of 1/2 or 1/3 of the gross produce which was assumed to be the share paid to the Government by the cultivators estimated at an average of the previous thirteen years leaving a residue of 1/3 of 1/2 or 1/6 of gross produce to the Zamindar for his maintenance. Under this arrangement one-half of the gross produce was expected to accrue to the ryot, while the other half would go towards the dues of the Government and the share of the *estatedar* in the ratio of 1/3 and 1/6 of the gross produce respectively (in other words, the ratios are—ryot: Zamindar: Government

1. After the arrival of Lord Cornwallis in India in 1786, a tentative settlement of the whole of the Bengal for a period of ten years was announced in 1789, and the experiment of the Permanent Settlement was finally confirmed in 1792. An order was issued by the Governor-General from Bengal directing wherever possible a permanent settlement with the Zamindars should be made and if there were no Zamindars existing, an attempt should be made to create them.

2. See B. H. Baden-Powell, The Land Systems of British India, Vol. iii, Ch. ii.

50 : 33 : 17 of the gross produce). The Haveli lands or the Crown lands were similarly assessed and sold out in estates of convenient size as permanently settled farms to the highest auction-bidder. The tracts already in the hands of native chiefs or zamindars were confirmed to them in perpetuity according to the above principle. It may be noted that many of the Haveli estates thus sold out had to fall back into the hands of the Government owing to the failures of payments of revenue by the purchasers. Since many of them could not attract people to purchase them back, those lands were subsequently subjected to the treatment of temporary settlement in a few cases. It was not, however, the case with the Zamindars. It might be true that many of the Zamindaris were similarly sold for arrears of Government dues but purchasers were actually found for them. Only in a few cases where no purchasers could be found they were retained by the Government as 'Khas Mahals' (i.e., estates retained in the hands of the Government).

It is almost the same story in the case of the Poligars[1] who were also permanently settled in the south and the west of the province. After the Permanent Regulation XXV of 1802, the Poligars in the districts of the South and the West consisted of (1) the Southern Poligars of Trichinopoly, Dindigul and Tinnevelly; Salem and Madura ; (b) and the Western Poligars of Venkatagiri, Kalahasti, Bommarajupalayam and Sodapur, and Poligars of Chittoor and Ceded Districts. They would come more or less under the same category of the Zamindars who exchanged Sanads and Kabulayats (or title deeds).

One important aspect of these settlements was that neither the proportion nor the basis of assessment adopted had been uniform (at the permanent settlement) for appraisal of the *peshkash*. The variations in the basis of computation between the Zamindars and the Poligars and again as between Poligars of large estates and of small estates among the Poligars themselves may be noted from the statement No. 2.

1. These Poligars were military chiefs of different degrees of power and consequence bearing a strong affinity to the Zamindars of the Northern Circars. Their origin may be traced to similar sources. "These Poligars were either descendants of the royal families of Vijayanagar, Conjeevaram and Madura or of the military feudal chieftains who had survived even after the Muslim conquest, or of the Muslim district collectors who had usurped the powers of the Government." Indian Journal of Economics, 1935-36, p. 611.

STATEMENT NO. 2.

Showing the shares accruing to the Zamindars or Poligars and to the Government according to the settlements in the Northern Sirkars and in the South :—

Region	Proportion accruing to Government.	Proportion accruing to the Zamindar or Poligar.
Northern Sirkars ...	1. *Zamindari Settlement in the N. Sirkars* 2/3 of ½ gross produce.	1/3 of ½ gross produce.
	2. *Polliam Settlements in the South.*	
Ceded districts, permanently settled in 1802.	80% of collections ...	20% of collections and 10% future increase.
Permanently settled large estates in Tinnevelly District.	54% to 57% of estimated assets ...	43% to 46% of estimated assets.
Permanently settled smaller estates in Tinnevelly District.	41% to 49% of estimated assets ...	51% to 59% of estimated assets.
Permanently settled smaller estates in Tinnevelly District in seven cases.	60% of ascertained gross resources ...	40% of ascertained gross resources.
Permanently settled estate-Ramnad in Madura District.	60% of average gross collections on average of 6 years.	34% of gross collections on average of 6 years
Permanently settled six Polliams of Dindigal.	66% of survey valuation ...	34% of survey valuation.
Not Permanently settled, but unaltered since 1802.	70% of survey assessment on cultivation in year 1802.	30% of survey assets on cultivation in 1802.
Chittoor Polliams, not permanently settled (or temporarily settled), as per proclamation in the year 1804.	40% of the Melawaram or Government share calculated on decennial settlement from 1811 to 1820.	60% of Melawaram.
Kangundy Polliam, permanently settled.	60% of assets in 1800 ...	40% of assets in 1809.
Punganur estate, permanently settled (Chittoor District).	83% of average revenue from 1824 to 1830 supposed to be equal to 67% of value of the resources.	17% of average revenue at the time of settlement (Sannad granted in 1860) supposed to be equal to 33% of value of the resources.
Coimbatore Polliams, not permanently settled.	70% of assets in the year 1808 ...	30% of assets in the year 1808.

One other point evident here is this. There was a time gap between the permanent settlement and the actual issue of the Sanads (title deeds) to the Zamindars or Poligars. This was perhaps due to non-payment of arrears of Government dues or the Poligars and Zamindars could not be found sufficiently loyal to Government to vindicate their worth in the eyes of the Government. In case of unsettled Polliams the demand, even when it was not fixed by the grant of Permanent Sanads, had been continued almost in every case to be the same without enhancement for over fifteen years. Broadly speaking, there was no difference between the Zamindars and Poligars with Sanads and those without them for a sufficiently long time. Never-the-less, the Polaiyams for which no sanads have been granted are called Unsettled Polaiyams. They differ from the Zamindaris, as the Government have the power to resume the grant at pleasure or to alter or revise conditions on which the unsettled Polaiyams are held.

The Zamindari system was not extended to the rest of the province. The chief reasons were the failure of Mootadari system in some cases and, above all, "the fear of sacrificing the interest of the Government in the then imperfect state of knowledge." The failure of introduction of Zamindari especially in the Baramahal and Ceded Districts was also a powerful reason, for the Poligars caused much trouble in the Ceded Districts. Sir Thomas Munro[1] wrote: "The country is overrun with Poligars. I am trying with the help of Dugals Campbell, the General of division here, to get rid of as many as possible; but it takes some campaigns to clear them out."[2]

1. *Vide* the District Manual, Bellary, p. 117.

2. The following descriptions from some of the district Gazetteers are interesting:

(a) The Collector of Cuddapah wrote strongly against them: "I believe", he said, "that few or none have been benefitted by their bargain, nearly all have been losers and some have been ruined." (*Vide* District Gazetteer, Cuddapah, 1915, Vol. I, Ch. xi, p. 152).

(b) "So many of the renters", declared Mr. Chaplin, "have suffered losses undertaking triennial rent that probably not ten in a hundred, except in a particular taluk or two, will of themselves come forward to offer for the septennial or decennial leases. The fear of being disposed of their meras, enmities and jealousies, competitions and rivalships, persuasion and intimidation, a display of advantages which do not exist and many other means and motives must all be called into action before they will consent without great reductions to become septennial and decennial renters." (*Vide* Anantpur district Gazetteer 1905, Vol. I, Ch. xi, pp. 112-13.)

Although the creation of Zamindaris had to be abandoned, the authorities by no means gave up the idea of a permanent assessment for village estates with some form of joint or individual middlemen. It led to experimenting with village lease systems. Thus the next phase in the settlement policy was the triennial village leases in 1808, afterwards made septennial and decennial which proved to be a ghastly fiasco, the most general cause of failure being "over-assessment." Finally, in 1817, orders were issued by the Court of Directors for the abolition of the village leases in favour of the ryotwari settlement which was finally introduced in the year 1820, when many of the village leases expired and the new Zamindaris or Mootadaris which had lapsed, had been brought in.

Inams

The term 'Inam' applies to whole villages or to small holdings, whether held entirely free of land tax or on favourable quit rent called Jodi. They include a great variety, *viz.*, Shrotriyams, Agraharams, the whole Inam villages, the Jagheers and the Maniyams.[1] The origin of Inam tenure is very ancient. It was the tradition of the Hindu rulers to grant beneficial tenures originally known by the Sanskrit term "Manyam" and later on by the Arabic term "Inam" after the Muslim conquest.[2] They are assignments of land originally free of tax and later on, at privileged rates of assessment for the payment of troops and civil officers, for the support of temples and their servants and charitable institutions, for the maintenance of holy and learned men for rewarding public service. Under the British Government, however, the practice of granting "Jaghirs" in vogue with the Muslim rulers gradually fell into disuse, especially after the despatches from the Court of Directors (dated 2nd January and 27th May 1829) by which the Government was directed to restrict the grant of inams to special cases only as it would involve considerable

1. They involve upwards of million sterling of annual revenue, of which the religious and charitable endowments amount to about £150,000 and the service tenures to about £400,000 the remainder being made up of personal grants. The number of personal inams is only about 300,000 of which about 120,000 are below three acres." Minute by Sir Charles Trevelyan on the Inam lands of Madras—*vide* Extracts from "Inam Selection from the records of the Madras Government", Revenue Series No. I (1906).

2. Report of Mr. W. T. Blair, Officiating Inam Commissioner to the Government of Madras about the operations of the Inam Commission dated 30th October 1860 (paras 40-54).

loss of revenue. In the year 1858 a commission known as the Inam Settlement Commission was appointed to make detailed investigations into the nature of inams, their title deeds confirmed or unconfirmed, etc. After a thorough enquiry into the question, the inams were settled according to the principles laid down in a Despatch from the Commissioner (dated 6th July 1859, No. 28) for guidance in the adjudication of the Inams. The Act II of 1904 declared certain estates to be impartible and inalienable. According to the Inam Register prepared in this connection, the inams were classified into nine different kinds as follows:—

(i) Those held for the support of religious institutions, both Muslim and Hindu, and services connected therewith. They are held either directly for the support of the institutions or for various services to be rendered therein. As almost all the villages contain some shrines, the inams of this description are by far the most numerous, though the value of each taken by itself is in most cases inconsiderable. There are very few temples of note in the Northern Circars and Ceded Districts with the exception of the temple at Hampi, Sundur and the like. By far the larger portion of the inams belongs to the Pagodas in the southern districts such as Tirupati, Conjeevaram, Srirangam, Rameswaram and Madura. The endowments attached to the different 'Mathas' or spiritual headships of all leading sects of minor religious institutions, religious mendicants, priests, etc., are also included under this head. The extent is about 1,458,081 acres and the assessment of land revenue is Rs. 2,422,467.

(ii) Inams held for the purpose of public utility which includes those held for the support of chathrams, water pandals, topes, Nandavanams or flower gardens, wells, ponds, tanks, bridges, village schools and Veda Pathashalas or for schools teaching the Vedas. The object of the greater part of these grants is the provision of water and shade, both wants of the primary importance in a tropical country. The area held is 156,949 acres and the land revenue is Rs. 307,912.

(iii) Inams held for the support of works of irrigation yielding public revenue and they are known as "Dasabhandams." They are confined chiefly to .the Ceded Districts, the western portions of Guntur, Nellore, North Arcot and Salem. They were granted as a recompense to private individuals who constructed tanks, wells, and river channel sby means of which the public revenue was augmented,

the extent and value of the inams being proportionate to capital outlay on the works concerned and the outturn of revenue. The area is about 24,824 acres and the assessment is Rs. 140,715.

(iv) Inams held by Brahmin and other religious classes for their personal benefit. The Shatta-vritti and Kairati inams held respectively by the Brahmins and the Muslims for subsistence form nearly one-half of the inams of the presidency. The area is about 3,694,394 acres and land revenue derived is Rs. 5,489,928.

(v) Inams held by the families of Poligars and those who filled hereditary offices of trust under former governments. When the Polayims were reduced at the annexation of territories to the East India Company, certain pensions and inam lands were granted for ex-Poligars for their subsistence. Inams held by the families of the dispossessed Poligars in the Ceded Districts and the Baramahal and of the ancient Kanungos, Despandyas and Deshmukhs may be classified under this. As they are of personal nature, they were enfranchised like ordinary inams.

(vi) By the kinsmen, dependents and followers of former Poligars and Zamindars. They are considerable in number and situated chiefly in the Northern Circars and the southern Polaiyams of Madura. The Bissois and Doratanams in the Hill tracts of (Ganjam) and Vizagapatam, the Mukhasas of the Kistna district, the Amarams of North Arcot, the Umligas of Salem and the Jivitams of Madura—are all of this category. They have been enfranchised and converted into private property.

(vii) By those connected with the former police of the country. This class comprises the inams held by the Kattubadis, a class of peons who discharged duties, police, military and revenue. They were called into existence by the Poligars and found in the North Arcot. These inams were also enfranchised.

(viii) Inams granted to persons connected with ordinary village revenue and police service like the Karnams, munsiffs and the talaris, which were subsequently enfranchised.

(ix) Inams held by various descriptions of artizans for services due to village communities. These were confirmed as hereditary grants and not enfranchised (though continued performance of service is made ondition for enjoyment) as the Inam Commissioner recommended " with regard to the Inams of the Artizan class, they

must. I presume, be left undisturbed...as part and parcel of the village municipal system." This only stands out as an anomaly and is subjected to criticism even today which will be dealt with later on.

It is to be noted here that those Inamdars who had not accepted or failed to carry out the terms of enfranchisement fully offered by the rules[1] and preferred to hold their lands on the old restricted terms were relatively small, and remained unenfranchised.

It has been often contended by the Inamdars that including inams also under the term 'estates' along with the Zamindaris according to the Inams Act is unjust and a distinction between inams and Zamindars has been often put forth in respect of origin, size of holdings, and the legal status regarding rights of Kudivaram (right of cultivation) and melavaram (right of collection of revenue or rent) of the Zamindars and Inamdars. But in the last analysis, it is evident that if at all a distinction is to be made, in the modern outlook, it must be one of degree and not of kind. In some respects, the small inamdar, who owns very small extents of land differs from the Zamindar and approximates more to that of a big absentee landlord in the ryotwari villages in the economic position, a fact which is to be reckoned in applying the principles of compensation. But the nature of inam tenure is entirely different from the principles of the ryotwari tenure and can justly be grouped in the non-ryotwari tenures along with Zamindars and other favoured tenurial systems.

Nature of Tenures in Malabar and South Kanara

The land tenures of Malabar and South Kanara, due to the peculiarities of their physical features and social customs, can be marked out as separate types by themselves. In Malabar the line of succession to property is according to the Marumakkatayam law or

1. After the amount of annual quit rent has been once fixed for the enfranchisement of each individual inam, it will be open to the holder to redeem it outright by the payment at once or at any time of a single fixed sum equal to 20 years purchase of quit rent (cf. the Inam Rules, Rule IX). The purchase money was calculated at the ordinary rate of interest, *viz.*, 5% per annum. The rates of quit rents varied from 1/8 to 1/2 of assessment or estimated annual value of land, based on considerations of the position of the Inamdar in respect of the original holder (firstly whether he is a member of the family to whom the inam was granted, or a stranger who acquired through alienation and, secondly, to position in respect of heirs and the probability of succession being continue the family).

the Tarwad. The chief feature of the system is that descent is traced through the female line and all property vests in tarwad or family. No one is entitled to more than a maintenance and residence and partition is not allowed. In Malabar both land system and social system are interrelated. The origin of these tenures may be traced in that, the Nambudiris who were originally grantees of Government revenue were trustees of Devaswams; and the Rajahs and other chieftains holding land on military tenures who must have been originally superintendents of their respective 'nads' (country) with more or less sovereign powers, regarded themselves as janmies with proprietory interests in land. Thus the Malabar system is known as the janmi tenure where the janmi[1] pays assessment to the Government. Under him is the Kanamdar who holds land by advancing money to the janmi for a specified number of years, usually extending to a period of twelve years. The Kanamdar pays rent to the janmi after making deductions towards the amount of land revenue to be paid on land together with the interest on the money advanced. The janmi can reject the kanamdar only after the expiry of the lease compensating the kanamdar for the permanent improvements made. If the lease is to be renewed, an additional payment on the amount advanced originally will be imposed towards renewal fees which will neither be shown in the deeds nor be refunded to the tenant. Compensation also is provided for the janmi for any damages done to land during the period of lease. As the lease period is long the kanamdar may himself cultivate the land or he may sublet to a tenant-at-will in lieu of absence of any stipulations in the deed which would adequately prohibit him from doing so.

There has been considerable amount of controversy of an academic nature whether kanam tenures should be considered as something of the nature of a lease or a mortgage with possession. Arguments are raised on both sides with subtle distinctions. The variations in the extent of agrarian discontent in

1. Cf. The Travancore Land Manual, 1936, Vol. III (Revised) Part I, Ch. i, pp. 13-14. Janmam land is defined in the Jenni and Kudiyan Regulation VI of 1071 as "land (other than Pandaravaka, Sripandaravaka, Kandukrishi of Sirkar Devaswam land recognized as such in the Sirkar accounts) which is either ...tirely exempt from Government tax or if assessed to public revenue is subject ...Rajabhogam only, and the occupancy right in which is created for a money ...eration (kanam) and is also subject to Michavaram or customary dues and ...ment of renewal fees."

the North Malabar and South Malabar and the frequent Moppilla outbreaks against the landlords in the South Malabar during the last hundred years may be attributed to the differences in the features of land structure existing in the two parts. The District Gazetteer points out that the kanam in the North Malabar differs widely from that of South Malabar. In North Malabar kanam is more of a mortgage, because the distinction between the landlords and tenants is not clearly seen. The ownership of land is widely diffused and, in fact, many of the janmies are also tenants themselves. In North Malabar, Moppillas are mostly traders and very few are agriculturists. On the other hand, in South Malabar, the kanam may be considered as more of a lease. There is land monopoly, concentrated in the hands of a comparatively small class of people who are tenacious of rights and privileges. Besides Tiyars and Nayars, the Moppillas also constitute the tenant and labour class. This fact offers an explanation that the agrarian discontent and consequent frequent outbreaks of Moppilla rebellions which culminated in the revolt of the nineteen twenties were found only in the South Malabar.

There are other types of tenure[1] called Panayam, and Verumpattam. The Panayam tenure is more or less a mortgage, as possession of land is made over to the mortgagee as security for money advanced. It is a variant of the kanam tenure. The janmi can take over the land after repayment of the advance taken at any time, if the period is not specified in the deed. Usually the mortgagees are not allowed to make improvements on land, and hence the question of compensation does not arise. The verumpattam is a single lease lasting for one year. Different kinds of leases called kulikkanam and untaruti are also found in vogue in case of plantations. The tenancy rights are transferable and the leases are not affected by the death of the contracting parties provided there are any heirs on either side under kanam, panayam, kulikkanam and untaruti systems[2] which naturally lead to large-scale sub-letting of lands by the money-lending classes.

1. Kanam tenure is prevalent in Malabar, Cochin and Travancore.

Cf. Travancore Land Manual 1936, Vol. III, Part I, Ch. I, pp. 24-25. The kanam tenures are of many varieties. It includes verumpattam, kanam, otts, adima, anubhogum, kudi janmam, etc.

2. The Malabar land system has been described as very complicated on account of the peculiarities of laws of inheritance, social customs and the variety of tenures—their names in most cases peculiar to the system.

In South Kanara the system is known as muli tenure. Here the counterpart of the janmis, konandars and the actual cultivators are the mulawargadars, the mulgenidars and chalgenidars. The unit of landholding under the muli tenure is 'warg' which may include lands of different kinds in different places.[1] The area may be unknown and the assessment charged is a lump sum for the whole. The mulawargadar holds land subject only to payment of assessment to Government and has also a claim over adjacent wasteland or kumaki. The mulgenidars like the konandars are permanent tenants subject to the same practices except in some cases the lease would become invalid in cases of arrears of payment of rents. The chalgeni is the tenant-at-will under the mulwargadar directly or under the mulgeni without any saleable interests in land. In practice the chalgenis are not evicted usually, unless they are heavily in arrears of rents and are continued on land even for generations undisturbed. These also can claim compensation for any improvements made and, conversely, one interesting point is that in South Kanara the forms of rents are fixed rents, fixed in cash or in grain, and as a rule, sharing-system is uncommon.

Land Tenures in the Agency Tracts and the Koya Village System

About 6,791 sq. miles in the districts of Vizagapatam and the East Godavari or about 18½ per cent. of the area of the presidency is classed as Agency tract to which the provisions of the Estates Land Act does not apply. At present the ryotwari system was enforced in some of these parts with some safeguards for protection of the interests of the Adivasis or Koyas. However, in the interior parts of these hilly and forest lands, the Malguzari, the Muttadari, the Izara or the renting systems are found. In these areas traces of Mirasi rights could be found also. The Koya village system of land tenures with its chief features of joint village ownership and inalienability of land without the previous sanction of the Government offers an interesting and useful study. It may be otherwise called as Commaide settlement of hill villages. For, according to the scheme of Mr. Commaide, a special officer appointed to make investigation into the settlement of villages in the Agency tracts in the taluk of Polavaram suitable to local conditions, forty-two villages were settled, as

1. Cf. The Provincial Banking Enquiry Committee, Madras, 1930, Vol. I, p. 7.

recommended in his report[1] in the first instance, for a period of three years. Later, they continued[2] under the system until they were settled under the ryotwari system[3] in 1931. The experimental scheme of Mr. Commaide was only an official recognition of a system of land settlement existing in the Koya organization since a long time according to the practices of the social organization of a Koya village.

The main features of the system are as follows :—It involves the continuance of the system of joint ownership in land, the collectfon of revenue being made through the headman of the village, thus utilizing and developing the existing village institutions. According to the Koya institution a joint owner had no power to alienate his share to an outsider. The Koyas in this matter act as a close corporation. If one Koya abandons a village, his share lapses to others. If he is in debt, he cannot sell his share to his creditors. In fact, it is against the custom and sentiment of a Koya to alienate a share of land to an outsider. In order to protect the simple hill tribes from the plains-men and money-lenders an act was enacted (Act I of 1917) that without the sanction of the Special Assistant Agent, Madras, transfers of land (due to debt, gift or alienation) cannot be effected. Many and important consequences follow from this measure. The most important one is giving credit to the hill-men. The money-lender has to manage his business in such a way that he must be in a position to recover from the Koya both capital and interest in a comparatively short period. To check evasion, periodically alleged gifts for temples or for charitable purposes are to be scrutinized.

Besides the major ryotwari tenure, there are also other minor tenures under the Government. Mention may be made of the following: (a) perpetual freeholds under a title deed showing proprietorship as against the Government and paying no land revenue; (b) land held under special conditions as (i) on improvement leases known as cowles and (ii) for plantation of topes or groves of trees under certain favourable conditions.

1. *Vide* G. O. No. 2233, dated 22nd July 1911
2. *Vide* G. O. No. 544 Rev. dated 8th February 1918.
3. *Vide* G.O. No 1773 of 16—9—1930.

Ryotwari Tenure

The Ryotwari system may be described as the division of all arable land, whether cultivated or waste into blocks or lots, the assessment of each block at a fixed rate for a term of years (say for 30 years in the Madras Province) and the collection of revenue from each occupant known as the pattadar according to the area of land thus assessed which he occupies.

If the above description is analysed into its component parts, the Ryotwari system involves in the main: firstly, the ryot is reduced more or less to a position of occupancy tenant who has got right to hold land so long as he pays the land revenue together with rights of free transfer and bequeathal. Second is the field to field assessment or the individual liability of the landholder to pay the assessment. It is to be noted that the assessment is on land and not directly on the individual pattadar. Therefore if a pattadar fails to pay land revenue or arrears of any dues to Government imposed on land, they may be realized by the sale of the holding or otherwise. Last is the periodic revision of survey settlement for every thirty years[1] which is supposed to give that permanency and security to the landholder for effecting improvements, or be free from the harassment of the yearly or short-dated survey settlement processes even though the Government reserves the right of enhancements under certain circumstances.

It was laid down that half the net assets should be the Government demand.[2] The assessment, however, had not been uniform and equitable in the absence of an accurate survey and exact appraisal of productivity of soils, a desideratum which had been to some extent met by the establishment of a survey and settlement department in 1855 in the presidency.

The financial results of the settlement operations in each district during the period 1862 to 1900 are given in a statement by the Madras Government. An examination of the statement reveals that the direct results of the settlement operations under the principles of the ryotwari were two: one, an increase in the revenue to the

1. Since the year 1939, the re-settlement operations were kept in abeyance, as each re-settlement used to result in enhancement of Government demand.

2. However, in 1915, it was declared that half should represent the maximum limit and not the normal standard.

Government, an increase of about Rs. 27.5 lakhs or 8% over the previous revenue assessment;[1] two, an increase in the acreage under assessment,[2] wet and dry. Thus the survey on the one hand brought to light cultivation that escaped assessment and unauthorized freeholdings and, on the other, abolished irregular cesses—devices which enable the cultivator and the rentor to bear up against the burden of excessive demands under native rule. The land tax in a great measure was equalised, while settlement for a period of thirty years gave the cultivators relief from annual enquiries, harassment and trouble. One other great advantage of the system is the opportunity it afforded of acquiring information regarding revenue matters, of ascertaining the dues of the Government and the rights of the cultivator.

However, the early ryotwari settlements in the presidency were not without defects. Survey and settlement operations were conducted so rapidly that they produced great inequalities. Restrictions were placed on relinquishment of land and heavy assessments were imposed on garden lands or lands cultivated with special crops. The assessments were determined by the levels of the former assessments which had been run up to a very high pitch under the practices inherited from the most decadent period of native rule under the Mysore Government or that of the Nawab. They were not calculated on the basis of the actual produce of land. Such rates were bound to be burdensome, when the prices of grain was very low for a period of many years. R.C. Dutt feels strongly on this point. "Judging the state demand in relation to the total produce of the province and to the prices of that produce, undoubtedly it was a heavier taxation on the people in 1875 than it was in 1860, and the terrible Madras famine of 1877 proved fatally

1. *Vide* Land Revenue Policy of the Indian Government, 1920, Ch. vii.

2. In 1855 only 12,400,000 acres (round figures) were under the ryotwari holding, exclusive of Malabar and South Kanara and exclusive of the minor inams. In 1898 the area was about 21,600,000 acres showing an increase of about 9,200,000 or 74 per cent., out of which an increase of about 1,400,000 acres, however, was nominal being the increase due to excess found on proper survey, so that the net increase was only about 7,800,000 acres or 63 per cent. This increase had been regular and continuous. *Vide* Land Revenue Policy of the Indian Government, 1920, Ch. vii, p. 223.

how little the new settlement had added to the security and staying power of the cultivator."[1]

It may be of some historical interest to note here that the idea of the "Ryotwari settlement" was first adumbrated in Colonel Read's settlement of the Baramahal district. The chief factor which induced Colonel Read to prefer individual settlements to leases was that he heard numerous complaints that binding the ryots to the same lands for a number of years despite constant variations in their stock and circumstances produced much hardship. Hence, he gave an option in the first instance of "keeping lands under lease or under annual settlements", allowing the ryots by the latter method to give up early each year whatever lands they might not choose to cultivate for that year, or to retain for any number of years what lands they liked subject to payment of assessment, in case they would undertake to intimate their intention of relinquishment of lands at the beginning of every year. These were the seeds out of which the ryotwari system finally emerged with root and branch in its modern form.

To sum up, the land tenure types of Madras are characterised by two extreme types of major tenures, the Zamindari and the Ryotwari, and between these two, a series of other tenures exist with varying natures of relationship between them and the Government from the point of view of revenue demand. First are the perpetual freeholds which are secured for ever by title deeds and free from any kind of Government demand of revenue from land. Next stand the enfranchised Inams—lands held by the Inamdars by virtue of their title deeds granted, paying a very low rate of assessment called Jodi or quit rent. Then we have the Zamindaries held on payment of peshkash to Government, fixed perpetually. The Zamindaries or proprietory estates that were continued even before 1802 Regulations, are governed by the law of primogeniture in the matter of succession. It is only in this respect they differ from the estates created in or after 1802. The so-called 'unsettled Polliams'

1. R.C. Dutt: The Economic History of India in the Victorian Age, 5th Edition, Book II, Ch. vi, p. 319.

Further, Dutt maintains that the decision of the Directors of the Company to deal with the cultivators individually without any intermediate bodies, has struck a heavy blow on the ancient village communities of Madras which began to decline from that date, *Ibid*, Book I, Ch. v, p. 68.

were not given Sanads, although for all practical purposes the la demand in their case remained stable. Since a long time the M and Janmi tenures of South Kanara and Malabar too have the pec liar characteristics of their own. It may be, that the principle fixity of tenure may be discernible in case of the ryotwari pattada also, but it is liable to variations after each settlement or even durin the settlement in certain extraordinary circumstances. The land tenures are thus examined here, closely followed by a study of th land revenue system of the province in the next chapter.

CHAPTER IV

SYSTEM OF LAND REVENUE ASSESSMENT

Principles of Assessment

The principles involved in the ryotwari system of land revenue assessment are laid down in a recent booklet issued by the Madras Government on the Madras Land Revenue System. What the Government say to the cultivator is something like this. Show us that the land is yours and you acquired your title to it legally. Then we give you a document called " patta " in which the extent and the assessment of each survey field or sub-division in your occupation are clearly entered. You are at full liberty to do whatever you like with your holding, you may lease it, sell or mortgage, bequeathe, bestow as a gift or relinquish it to Government, we shall guarantee you the holding so long as you continue to pay the Government kist and other cesses on land regularly, and you shall not be questioned by the Government. If you like, you may improve the land by making permanent improvements at your own cost; you may grow any crop you choose and you will not be charged any more on that account under the existing rules. Remission may be granted for entire or partial loss of produce in years of crop failures. Extra tax called irrigation cess will be charged for water taken for purposes of irrigation.

Here the unit of assessment is the field or the survey number. The basis of assessment is the net produce and the pitch of assessment is 50% of the net produce which was specified to be the maximum and not the standard rate. The period of settlement is for thirty years. The ryot under this system is virtually the proprietor on a simple and indefeasible title. He has all the benefits of a perpetual lease without its responsibilities, as he is at liberty at any time to throw up his land and he cannot be ejected by Government as long as he pays land revenue without the least default.

Method of Appraisal

Now we shall briefly discuss the method of appraisal of the Government demand. The assessment on land is a tax in rem and

not a tax in personam. That is to say, the assessment is based on the extent of land and it does not depend on the aggregate income of the landholder. Soils are classified into groups, classes and sorts according to the productive capaclty of lands in different groups of villages. * For revenue purposes lands are divided into three broad classes viz., wet land, dry land and 'mannavari'.

In the process of calculating the rates of assessment, three chief stages are found which may be briefly laid down. The first is the determination of the grain outturn; the second, transferring the grain outturn into the commutation price; and the third, arriving at the net produce and the allowances to be made there of towards cost of production, etc.

For estimating the grain outturn one or more food grains are chosen to represent the general or average produce. As a rule, food grains are taken to be 'representative' for estimating the average produce, because it is assumed that only food grains are the ultimate standards of value. 'Ragi' and 'varagu' for purposes of dry land; and for wet land 'white paddy' are chosen respectively as representative for purposes of estimating average produce of lands. The crop cultivated on the largest area, according to the accounts of cultivation of crops, is usually selected as the standard. Or, more often, two crops are taken—the areas under other crops are presumed, for settlement purposes, as cultivated with one or other of these, according to the relative value of the crop. A fair average outturn of the standard grains is then ascertained per acre of each class and sort of soil, and this is called the 'grain outturn.' The criterion of the accuracy of the 'grain outturns' so arrived at is, of course, experience and the process of trial and error. The actual experiments

* *Note*:—In brief, the following is the classification of local soils (particularly in case of dry soils) adopted for assessment of land in the province. To start with, villages are grouped according to their situation with reference to proximity to markets, communication facilities, and climate. The grouping is independent of soil fertility. The settlement department divides the soils into series according to the commonly recognizable soil types, subdivides series into classes with reference to their mechanical composition, and the classes are further divided into sorts or grades with reference to their chemical and physical properties and other circumstances affecting their fertility. Thus we have in each group, series, classes, and sorts. For the recognized table of soils, see 'The Land Systems of British India,' by B. H. Baden-Powell, Vol. iii, Ch. ii, P. 61.

consist in reaping, threshing and measuring the crop upon small areas in selected fields. The number of experiments in some districts exceeded 2000 or even 3000. In recent practice, the method of experimental reapings is largely given up and enquiries and statistics already collected are relied on instead. The statistical method of random sampling in crop cutting experiments has been coming into vogue in estimating yields.

The grain outturns are then commuted into money, the commutation price being taken from a schedule of prices of food grains, fixed on an average of long series of twenty non-famine years. The data so far obtained would enable the settlement officer to estimate the gross produce of each holding. But this is not the object which he is ultimately driving at. To arrive at the net produce, deductions are, therefore, made for the following items from the gross produce :

An allowance for (a) cartage of grain to the nearest market ; (b) merchant's profits, (c) vicissitudes of season ; (d) unprofitable areas such as bunds and channels included in holdings and (e) cost[1] of seed, ploughing cattle, agricultural implements, manure and labour.

As a cover against the first two items (a) and (b) a percentage deduction of 10 to 27 is allowed, from the conversion rates and the residue so obtained is what is called the 'commutation rate.' Against items (c) and (d) a further deduction, of 6¼ % to 25 % is made. Differences in regard to facilities of agricultural water supply are also allowed for under this. The rest of the deductions are grouped under the cultivation expenses[2] which are carefully computed, and expressed in terms of money according to the principles outlined, and deducted

1. The method of estimation usually varies according to the description of crops grown, the method of calculation, as well as the way in which these items are paid in each district. The cost of bullocks and agricultural implements is distributed over a number of years during which they are estimated to be serviceable and the other items to be calculated for each year. Straw is usually taken as a set off against "the feed of bullocks."

2. Usually the expenses for the best soil are estimated and the standard of expenses will be diminished proportionately according to the quality of the soil. (In fact, the assumption that cost of cultivation of poor land or the outlay on poorer soil is much smaller than the richer is purely a myth...Nor is the gradation of expenses in proportion to produce is absolutely accurate in all its details. Cf. The Board of Revenue, Madras, in their Resolution of December 6, 1900).

from the figure already arrived at. The maximum Government demand is 50% of the money value of the net returns per acre thus deducted. It may be noted, when a second crop is grown the area under the second crop will be assessed at half the rate of the first crop. Since 1924, the Government have limited the enhancement at each re-settlement to a maximum of 18¾%, and it is claimed by Government authorities that even before the year 1924 the cases wherein the enhancement exceeded the limit of 30% were rare and might be relatively small areas.

It is obviously laborious to make the whole calculation for each field independently. Evidently, a number of different classes and sorts of soil will, on calculation, show nearly the same "net produce", and hence the revenue rate will be uniform for them. It is sufficient, therefore, to draw up a table of class and sort of rates called 'taram' which may apply equally to several soils. But the grouping of the village has to be allowed for in the assessment which is arranged by gradation of 'tarams'. Thus a set of soils in the first group would command the first or the highest 'taram', in the second group the second, and so on. But it may be noted that in no district are there more than 30 rates in the 'wet' scale and 28 in the dry.

Need for Reform

The land revenue system of the British period owes its immediate origin to practices inherited from the most decadent period of native rule. Its present form has been hammered out slowly by men who were entirely aliens to the country, with a view not so much to the economic welfare of the peasantry, but rather from the viewpoint of yield of revenue to Government. That it calls for a fundamental readjustment is evident. In the first place, the system does not fall in line with the principles and practices of modern taxation,[1] particularly with the principle of progression. According to Prof. Seligman, taxation of the 'net product' looks at the produce of the source of industry rather than the recipient of the earnings; it is a tax on things, rather than on persons; and it is abstracted from the personal situation of the taxpayer. In other words, the land tax of the province is an anomaly among the popular taxes of the twentieth

1. It may be noted that the present land revenue system is anomalous not only in relation to the modern principles of taxation, but is also inconsistent with the old canons of taxation of Adam Smith, *viz.*, canons of certainty, convenience, economy, and ability. See Taxation of Land in India, by—N. S. N. Aiyengar. vide: Indian Journal of Economics, Vol. 7, Part 3, Pp. 143-146.

century, and is quite reactionary in face of the progressive trends of replacing taxes in rem by taxes in personam, laying greater emphasis on human element. In recent years, indirect taxes are more and more replaced by direct taxes with the principles of gradation, differentiation and exemption which are in vogue in many countries since a long time. Further, reform is also necessary for adjusting the fiscal system with a view to keep it in step with the important and basic changes that are taking place in the economic structure of the country as a whole, by placing a largely lopsided agrarian economy of the past on the road to rapid industrialization and economic development of the country.

Secondly, the system is inelastic, as the assessment made at the revision settlement cannot be altered for a period of thirty years. Inelasticity of assessment means a special handicap if the revision settlement takes place immediately after a period of price rise. And, conversely, it is a loss of revenue to Government if the revision should take place immediately after a period of deflation followed soon by a boom in prices. One of the reasons of the Deccan Riots in the seventies of the last century was found to be the high enhancements of revenue demand, based on cotton prices that obtained during the American Civil War. The real burden of land assessment changes with changes in the prices of agricultural produce, and no provision is found to make necessary adjustments possible within the system itself.

Thirdly, it is seen that the system is unequal in its incidence in different parts of the province. In almost a third of the province, which was permanently settled, the assessment (called Peshkash) is unalterable; in others no assessment is levied, or assessment at a very low rate, while in the ryotwari holdings the assessment is subjected to periodical revision. Thus, owing to the existence of different kinds of land tenures in the Province the system is in no way uniform. That apart, in the ryotwari holdings also, there are discrepancies in the incidence of land revenue between different talukas of a district or, in some cases, among different groups within the same taluka.[1]

1. Cf. In the Bombay Presidency the percentage of rent taken in some of the talukas varies from 8 % to 54 %. In Taloda taluka in West Khandesh, while in one group only 15 % is taken, in another it is 41 %. Vide Appendix V of the Land Revenue Assessment Committee Report, Bombay, 1926.

Fourthly, as pointed out already, there are many inherent defects peculiar to the system itself arising out of classification of soils, estimation of outturns, etc., which may also render the system complicated and cumbersome. Further, no differentiation is made in the rates of assessment according to crops grown and their money values to the agriculturist. For instance, lands cultivated with crops like tobacco, potato, gingelly, etc., are assessed at Re. 1/- to Rs. 3/- per acre. Under prevailing conditions, incomes derived on such lands far exceed incomes derived on other drylands assessed at the same rates and cultivated under food crops or crops with lower money values. In fact, in some cases, incomes from such lands have been found by far greater than incomes on lands under wet paddy cultivation paying an assessment of Rs. 10 to Rs. 14 per acre. In case of wet lands also, there are glaring variations in money returns in various fields cultivated with different crops, like wet paddy, sugarcane, plantains, lemons, betel, etc. In the same way, no differentiation in rates of assessment is made while taxing patta lands held by the lessors and those held by owner-cultivators, not to mention a host of holdings of petty cultivators, very small and uneconomic, which are neither exempted from taxation nor shown a differential treatment in rates levied on them. All these, obviously, stress the need for reform.

Objects of Reform

The object of reform is to readjust and modify the entire system in such a way that the state will be able to realize as much revenue as is necessary to carry on its legitimate functions of a modern state in reasonable degree of efficiency taking care that the burden of assessment should be incident in consonance with the principles of taxation in the present day light. In exactly what lines the reforms of assessment of land revenue are to be introduced is a matter of more detailed discussion. The following are some of the recent attempts at reform that have been tried in some of the provinces in India ·

(1) The Punjab sliding scale system.

(2) Imposition of Agricultural Income-tax.

1. (a) The Punjab Sliding Scale System

The Punjab sliding system is not calculated to change the entire structure of the land revenue system. It is expected only to alleviate

"the inequities of tax burden due to fall in prices", irrespective of to whomsoever the benefit may accrue thereby. The stress and strain undergone during the depression years 1930-32, has been at the back of the inception of the sliding scale system in the two experimental settlements concluded since 1930 in the districts of Montgomery and Lyallpur in the Punjab. This is necessitated by the difficulty of forecasting the trends of future prices in order to adjust the divergence between the current prices and the prices taken into account at the time of commutation. Its function is to enable the revenue authorities to pitch its demand high enough to take into account the possibility of prices rising to the average level of the preceding 20 or 30 years before settlement and, at the same time, to adjust the Government demand to current prices at the time of each harvest.

Its chief features and its 'modus operandi' may be summed up as follows[1]. The land revenue rates for each assessment circle, based on commutation prices, are the maximum rates payable during the term of settlement. But the demand due to each harvest according to these rates is not collected in full, unless the general price level of the chief staple products of the district during the marketing season of the two preceding harvests is at least as high as the commutation price levels. On the other hand, if the current price level is lower, the tax payers are entitled to a proportionate remission to the extent of the difference between the current and commutation prices. It is to be remembered that the remission to be allowed is based on the prices current during the marketing season of the two preceding harvests. It is not based on the prices of the actual harvest, because the assessment is payable before the completion of marketing of crops and, therefore, the season's prices are not fully available. Remissions are granted in terms of half an anna per rupee of assessment. That is, they will be in units of $3\frac{1}{8}$ per cent. of the full demand (e.g. $3\frac{1}{8}$ %, $6\frac{1}{4}$%, $9\frac{3}{8}$%, $12\frac{1}{2}$% and so on, according to prices). This facilitates the tax payers to check the amount demanded from them.

The demand on each holding is first calculated at full rates and the remission allowed is then deducted from it. The balance is the net amount due. In calculating whether any remission is due, three

1. See Report of the Land Revenue Committee, Government of Punjab, Lahore 1945.

factors are taken into consideration, *viz.*, (a) the percentage of the total matured area under each important crop; (b) the average yield per acre of each of these crops ; and (c) their commutation price. By multiplying these three factors together, a basic or settlement index number is obtained. A fresh number is worked out for each harvest, and compared with the settlement number. In working out this (a) and (b) are usually taken as constant. With regard to(c) the prices current during the marketing seasons of the preceding harvests are taken and these prices are the average of the daily prices of commodities like cotton, gur, maize, wheat, grams, toria etc., actually prevailing in certain markets of the districts during the specified periods. Deductions will be made towards transporting and marketing charges from the prices prevalent in the markets to make them correspond with village prices. The net prices thus obtained are substituted for (c) above. When it is multiplied by (a) and (b) the required harvest index will be obtained. If this index is as high as the settlement index, or higher, no remission is given. If it is lower, remission is allowed in proportion to the difference subject to the conditions referred to above.

The Punjab sliding-scale system, whose features are sketched above, has many limitations. (i) Firstly, under the system the demand may be reduced and not increased. In other words, remissions may be granted and no enhancements can be levied which might result in loss of revenue to Government. This limitation compelled the adoption in case of Lyallpur of a scale of commutation prices far above current prices in order to guard against serious loss of revenue, in case if prices rise again considerably. In fact, a Settlement Officer remarked in this connection that what he could say or write in his abstract report would convince the land owner that the high prices would not lead to injustice and over-assessment. (ii) Basing remission on prices of past harvests, instead of the current, would involve injustice especially if the current prices are much lower than the preceding ones. The principle of current ability is obviously not fully met with. (iii) It does not discriminate between the small and the big landholders in giving relief. Hence, it is likely to benefit the bigger landholders in regions of larger holdings at the expense of the taxpayer. (iv) If the sliding scale system could be applied to yields as easily as to prices, it would be decidedly an improvement. Generally it is assumed that fluctuations in yield are

less important than fluctuations in prices. But in the districts which are entirely dependent on a highly capricious rainfall, changes in yields are of greater importance than changes in prices. It is especially important where holdings are small, for the small-holder has comparatively little surplus produce to sell so as to be affected by price changes. However, estimates of variations in yields involve innumerable difficulties. (v) It could only be done on the basis of the commutation prices in each district which implies taking only one of the many factors that enter into considerations of a settlement. (vi) Finally, the cost of enforcing the scheme throughout the province will be heavy.

From the above, some points of improvement suggest themselves. It will be a great advantage, if the sliding scale system could be applied to variations in prices as wes in all yields. Lack of reliable agricultural statistics, both for acreages under crops and for yields, is a handicap in this connection, unless efficient machinery is established for the purpose. Again under the sliding scale system only remissions may be granted and no enhancements of land assessment can be imposed due to fluctuations in prices resulting in loss of revenue to Government. To offset this evil, it is proposed to have two sets of limits for revenue demand, the upper and the lower, so that the scale may slide upwards as well as downwards. Two sets of commutation prices may be fixed, one calculated according to existing practice after a careful consideration of the prices prevailing since the previous settlement, and the other on the method previously described. The margin must be sufficiently wide to prevent constant changes in the demand due to un-important fluctuations in prices. It is desirable to see that the margin upwards must be considerably wider than the margin downwards. In other words, that enhancement should start proportionately later than remission. The margins that may be appropriate are two annas for a fall and four annas for a rise in price. No remission is to be given, until prices fall by 12½ % below the lower commutation level and no enhancement, until prices rise by 25 % above it. The remission should be calculated to the nearest half anna and enhancements to the nearest anna. It will be advantageous to the patta holder and will, moreover, facilitate a further modification. When remission is due, it must be given in full proportion to the extent in fall in prices, but when enhancement is due an abatement of 50% has to be given.

The lower level thus determines the initial demand and the higher level the maximum demand. The result, is under this arrangement, as long as current prices are not well above commutation level, the land revenue demand is more or less closely based upon the prices at which it has to be paid. The innovation will effect a re-establishment of this margin, when prices rise above the lower level, which is a strong point in its favour.

1. (b) The Olungu Settlement

It will be interesting to note that a similar system known as the Olungu[1] settlement was tried in the Madras province about a century prior to the Punjab system. It may be of some value to study the Olungu settlement which was enforced at least in two districts of the province, Tanjore and Tinnevelley, for about forty years during a period of economic slump (1820 to 1850), and contrast it to its variant, the Punjab model. Owing to a persistent tendency of falling prices of agricultural produce, collection of revenue were rendered difficult in spite of the repeated remissions of revenue. The Government, therefore, had resorted to a novel system of settlement in order " to meet the contingency of future fluctuations in the price of grain " and to ensure that " the minds of the people should be set at ease." The Olungu system[2] is a sort of sliding scale system. The rates of assessment would vary, according to the fluctuations in prices in relation to a standard rate of assessment, appraised out of the average prices for a certain number of previous years. After a careful consideration of the real value of village lands, the proportion of the produce which Government ought to demand and the price at which the grain should be converted into money, a scale of money rates were decided for each village. They were to be decreased, when the price of grain fell by 5% or more, below a certain standard and increased, when it rose by 10% or more, above the standard money rate. In other words, the Government demand for the year in each village was to be fixed and later on commuted into money, either at the standard price or at a figure which, according to the variations in a current

1. Olungu is a Tamil word meaning ' regulation ' and is used to denote a standard of gross produce. Its use to describe this settlement is probably derived from the fact that a reconsideration of the grain standard of each village was an important element in the process of assessment.

2. A full discussion of the method by which the many rates were decided upon are given in the District Gazetter, Tanjore 1906, Chapter XI, Pp. 176-77.

selling price of the year, should be a certain percentage above or below the standard price. Let us take an illustration. Suppose there was no rise or fall in the current price of agricultural produce above 10% or below 5% with reference to the standard price. Then the commutation rate should be fixed at the standard price. Suppose the current price of the year rose by 12% above the standard price, then it should be calculated at 2% above the standard. Conversely, if the fall in current price was recorded at 8% or 9% the commutation price should be worked out at a price 3% or 4% below the standard.

In the light of the above principles, a temporary settlement was made in 1821-22 and the Olungu settlement was finally introduced in 1822-23. In view of falling prices, the new system was enthusiastically accepted in a majority of villages. But as soon as an improvement in the prices for the better was noticed, the ryots favoured a return to the system of fixed money rate in spite of price fluctuations, in order to reap the full benefit of the increased grain value. On account of this, and for many other reasons the system became unpopular and finally was abandoned in 1860.

The success achieved by the scheme in Tinnevelly district, introduced at the same time was greater owing to the fact that many defects previously committed had been avoided largely. It is to be noted that the interest in the system was not lost. In 1933, the mirasdars of Tanjore appealed to Government for reintroducing the system in their memorandum submitted in that year.

The Olungu System *vs.* the Punjab System

(i) In point of resemblance both the systems had been devised under the depression conditions experienced during an economic slump—the period (1820-50) in Madras and (1929-32) in the Punjab. (ii) Similarly, both of them do not contemplate fundamental changes in the prevailing revenue systems, though the Olungu contained some improvement over the crude systems of "Amani" and "Mottamfaisal" (assessment in terms of gross produce) which existed at the time in the two Madras districts. (iii) In one respect, however, the *Olungu system may be considered as an improvement over the Punjab* model. For it provides for both remission and enhancement of current rates of assessment with reference to the standard commutation rate, whereas in the Punjab system only remission is possible

and no enhancement. Again, basing remissions on prices of past harvests instead of the current, might involve in the Punjab experiment some injustice, when current prices happen to be much lower than the preceding ones, while in the Olungu the principle of "current ability" is provided for by the inclusion of two margins, the upper and the lower, the margin upwards being sufficiently wider than the margin downwards. (iv), But from the viewpoint of scientific accuracy regarding calculation of standard rates and their application, the latter has much to commend itself, forit is based on a more comprehensive, reliable and exhaustive data and the system is manipulated by revenue personnel endowed with superior training and more honesty.

Need for Stabilisation of Agricultural Prices

Instead of allowing the prices to fluctuate and then trying to counteract the inequalities consequent on it through remissions, etc., by means of the sliding scale method, it is a suggestion par excellence to check the deviations in the price levels themselves by controlling conditions which influence prices, internally and externally. It would be difficult and also a gross injustice to conceive of stabilization of agricultural prices [1] without any kind of a similar means of controlling the prices of other commodities. But existing difficulties with regard to the proper method of estimating crop yields, and costs of production, unreliability of the existing data regarding agricultural statistics and other practical difficulties render stabilisation of prices of agricultural commodities difficult, if not impossible. But stabilisation of agricultural prices by itself[2] cannot be regarded as an effective substitute for a comprehensive reform of the land revenue system.

2. Imposition of Agricultural Income-tax

The last set of questions to be discussed, before this chapter is closed, is that relating to application of the principles of income-tax

1. Report on Stabilization of Agricultural Prices, Department of Industries and Agriculture, England.

Cf. also Krishnamachari Report on Stabilisation of Agricultural Prices, Govt. of India.

2. See 'Outlook for Proper Price Policy,' P. 41 of my paper, "Economic consequences of inflation on agrarian economy: with special reference to the Financial structure of Agriculture. vide The Journal of Bombay University, Vol. XVII, Part 4, January, 1949.

to assessment of land revenue. A serious lacunae in the Indian tax system has been the exclusion of agricultural incomes from the scope of taxation of income, till the introduction of the measure of Agricultural Income tax in 1938 by the Bihar Government for the first time in recent years. As a matter of fact, when income-tax was originally levied in India in the year 1860, incomes from agriculture were not excluded. Incomes from lands and houses, from professions, trade and employment and from annuities and dividends, were all placed on the same footing as regards taxation. The canon of 'universality'[1] as an essential feature of income tax was recognised and stressed by the earlier administrators. According to the Act of 1860, the tax was levied at the rate of 2% on incomes between Rs. 200 to 500 a year, and at 4% on incomes above Rs. 500, with a minimum taxable limit of Rs. 200 a year. In brief, it may be noted that taxation of agricultural incomes in British India was attempted during the periods 1860-65 and 1869-73.

Some of the main reasons for exemption [2] of agricultural incomes as against taxation of non-agricultural incomes are as follows: It has been argued that the levy of taxation on agricultural incomes would be tantamount to violating the sacred terms of the permanent settlement in case of the estate-dars and, secondly, imposition of agricultural income tax may smack of double taxation in case of landholders who pay land revenue as assessed by the Government in the ryotwari areas. The Taxation Enquiry Committee, while conceding the justification for such a levy on economic grounds, dwelt on the "political" and "administrative" difficulties. These arguments have already become out-dated and, particularly in the present context of abolition of the estates, they carry little weight so as to call for a detailed discussion here. The existing system of land revenue

1. Mr. Wilson observed that "an income tax to be just ought to be universal and equal in its application to all alike within a certain limit of income." Again, Mr. Samuel Laing, who succeed Mr. Wilson, expressed a similar view ln 1861 that "capital and trade of India as well as her land, should contribute in fair proportion towards the support of the state.", See Taxation of Agricultural Incomes in Bengal, by J.P. Niyogi, *vide* Indian Journal of Economics, vol vii, 1927, p. 300.

2. See *Ibid.* For a detailed account of exemption of incomes from agriculture from the provisions of the Indian income-tax, refer Taxation of Income in India, by V. K. R. V. Rao, pp. 86-104. Also, Report of the Indian Taxation Enquiry Committee.

assessment is found to be very light on the big land-holders and very heavy on the small land-holders in its tax-burden. There are at present a good many doctors, lawyers, Government employees and the like (all absentee landlords with large incomes) who pay very little by way of taxation, because their incomes from land are not taxed, while, at the other end, they do not pay any tax on their professional earnings from other sources, if they are below the personal exemption limit. Therefore, on theoretical grounds, the case for levy on agricultural incomes may be supported on the principle of progression in taxation as well as on the ground of discrimination in taxation. The merits of the tax on equity and, of late, on administrative feasibility do not provoke much opposition. Due to rise in incomes of the agriculturists, especially the big landlords, since the outbreak of war, there is no scope for the old fear of loss of revenue to the provincial Governments on account of introduction of Agricultural Income Tax. On the contrary, owing to the absence of taxation of agricultural incomes under the present system of land taxation, there has been no substantial rise in yield under 'Land Revenue' to the Provincial exchequer, as compared to the increase in the total revenues of the provinces,[1] although land revenue is one of the main sources of provincial revenues.

Difficulties exist due to prevalence of different systems of land tenures, the variation in the bases and burden of assessment in various provinces, as well as practical difficulties with regard to costs of production, appraisal of net incomes and compilation of the lists of assessees at the beginning. With the spread of education and in a few years after the introduction of the measure, there is no doubt some of these difficulties will be overcome or reduced to a minimum. It is true that the application of the principles of income-tax to assessment of land revenue may not be so easy or accurate as in case of non-agricultural incomes due to reasons partly inherent in agriculture

1. The following figures indicate land revenue and total revenues (in lakhs of rupees) for some provinces for the years 1938-39 and 1944-45.

	1938-39		1944-45	
	L.R.	T.R.	L.R.	T.R.
Madras ...	5,13	12,44	5,49	34,70
Bengal ...	3,24	11.00	4,49	28,91
Punjab ...	2,64	5,02	3,48	12,75
U. P. ...	5,82	9,70	6,58	21,45

N.B. :—L.R. = Land Revenue. T.R. = Total Revenue.

Statement No. 1, showing rates of taxation.

* Bihar	Rate	† Assam	Rate	* Bengal	Rate	† Travancore	Rate	† Madras	Rate
Slabs of incomes.	(pies in the rupee).	Slabs of incomes.	(pies)	Slabs of Incomes.	(pies in the rupee).	Slabs of incomes	(pies in the rupee).	Slabs of incomes.	(pies in the rupee).
Rs. Rs.		Rs. Rs.		Rs. Rs.		Rs. Rs.		Rs. Rs.	
5,000—10,000	6	5,000—10,000	9	3,500—7,000	9	5,000—10,000	3·4	5,000—10,000	9
10,000—15,000	7	10,000—15,000	15	7,000—12,000	12	10 000—15 000	5 0	10,000—15,000	12
15,000—20,000	8	15,000—20,000	24	12 000—17,000	18	15,000—20,000	6 8	15,001—20,000	18
20,000—30,000	10	20 000—25,000	30	17,000—22,000	24	20'000—30,000	11·8	20,000—25,000	24
30,000—40,000	12					80,000—40,000	15·0		
40,000—75,000	15	on the balance of		On the balance	30	40,000—75,000	17 0	on the balance of	
75,000—100,000	18	Total income	30			75,000—100,000	18 5	Total income	80
100,000—150,000	22						20·1		
150,000—250,000	24					Incomes over a lakh.			
250,000—500,000	26								
N.B.—Exemption limit Rs. 5,000 and maximum rate of 30 pies applicable to incomes over Rs. 15 lakhs		N.B.—Exemption limit Rs. 8,000 companies will be charged at a flat rate of 0-2-0 on the total agricultural income.		N. B.—Exemption limit is Rs. 3 500. In case of every firm, company or other association, on the total agricultural income the rate is 0-2-0. In case of a Hindu undivided family, agricultural income from owner — cultivated land up to maximum of 100 bighas is exempt.				N B.—Exemption limit Rs. 5,000 and an additional Rs. 1,500 exemption in computing the tax. Companies will be charged at a flat rate of 0-2-0.	

* Figures taken as given in the thesis of "Taxation of Income," N. A. Sarma, Ch. vii, P. 712 (Unpublished), 1948.
† Figures taken as quoted in the 'Eastern Economist.'

and the state of peasantry in India. But, on that account, there is no justification to agree with the unfortunate findings of the Land Revenue Committee, Punjab, that the measure is not suited to Indian conditions chiefly due to the administrative complexities[1] involved. Moreover, agricultural income-tax may be imposed, not after completely doing away with the assessment on land, but along with a moderate assessment on land at a low rate in order to ensure that there will not be any loss of revenue to Government due to the 'exemption limit' associated with Agricultural Income-tax. In fact, some of the fears entertained in the past must have been cleared off by now in the light of the working of the Agricultural Income tax introduced in the Provinces of Bihar, Assam and Bengal, and in Travancore.

Statements No. 1 & 2 contain rates of Agricultural Income Tax (individual incomes) and the yields in some provinces.

*Statement No. 2, showing the revenue yields from Agricultural income tax**

(in '000 of Rs.)

Year.	*Assam.*	*Bihar.*	*Bengal.*
1939-40	83	5,80	—
1940-41	39,20	14,79	—
1941-42	27,12	15,45	—
1942-43	38,83	17,81	—
1943-44	58,11	19,26	—
1944-45	59,04	32,86	2,00
1945-46	49,02	31,09	90,91
1946-47	40,00	29,71	50,00

It may be seen from the statements No. 1 and 2 above that in respect of Bihar, the number of slabs are many and the tax operates lightly on all the ranges of income when compared to the rates of taxation in other provinces. The maximum rate of 30 pies in a rupee on individual incomes is applicable only for incomes over Rs. 15 lakhs, whereas the same rate is charged on incomes over Rs. 25,000 in Madras and Assam, and in Bengal over Rs. 22,000. In Madras the measure was proposed to be introduced during 1945-46

1. Cf. "The Income Tax system may suit the town with its trade, industry and investment, but it is certainly not suited to a peasantry largely illiterate, without accounts and intensely conservative". *vide* Report of the Land Revenue Committee, Punjab, 1937, Part I, p. 30.

* Figures taken as given in the thesis of "Taxation of Incomes", Opp. Cit., Ch. vii, p. 712 (unpublished), 1948.

on 1944-45 incomes. However, since the advent of the Congress Ministry into power in the province, the Bill[1] was kept in abeyance. According to the estimates made, the proposed Bill is expected to yield about Rs. 40 lakhs in Madras. Further, it is obvious that the yield of the tax in the provinces reflects badly on the Simon Commission's estimate for the whole of India as Rs. 4 crores, which may perhaps appear as an over-estimate as judged from the figures, which, of course, relate to the initial phase of the imposition of the tax.

It may be pointed out in this connection that not all agricultural incomes are similar in kind, nor equally capable of bearing the tax burden. Large plantations of coffee, tea, rubber, cardamum are of different category as compared to other lands. This point was stressed by the Dewan of Travancore who stated that those that cultivate such plantations should be treated as industrialists.[2] In Assam, the vast majority of assessees roughly 500 out of 600 of the total are tea planters who account for payment of over 90 per cent. of the revenue. Thus in taxing incomes from agriculture, not only the amounts of income derived are to be considered but also how those incomes are derived (for example incomes of lessors, owner-cultivators and tenants) may be also considered in order to introduce the element of discrimination in the rates of assessment, if possible. Though the imposition of a surcharge in course of first few years is not advisable, gradually they are to be imposed on those who pay a land revenue of more than Rs. 250. Without entering into details about the advantages and disadvantages of the imposition of a

1. Cf. The Agricultural Income Tax Bill, *vide* The Gazette, Fort St. George, Madras, 20-3-45.

2. Cf. When tea, coffee, tobacco or other leaves which are primarily agricultural products are treated to further processes, part of the earnings is attributed to business. In 1920, in the Killing Valley Tea Company case, the Calcutta High Court observed, "The earlier part of the operation, when the tea bush is planted and the young green leaf is selected and plucked. may well be deemed to be agricultural. But the latter part of the process (the process in an up-to-date tea factory) is really manufacture of tea and cannot, without violence of language, be described as agriculture." In Pursuance of this decision the Government of India ruled that 25% of the profits of tea plantation would hence forward be taxable as constituing non-agricultural income. In 1927, this proportion liable to income-tax was raised to 40%—*Ibid*, thesis on "Taxation of Incomes," 1948 Ch. vii., P. 719.

sur-charge, the following rates may be recommended as appropriate for a graduated surcharge:—

	Those paying above				As. in the Re.
a. Between	Rs. 250	and	Rs. 500	land revenue	1
b. ,,	,, 500	,,	,, 1,000	,,	2
c. ,,	,, 1,000	,,	,, 5,000	,,	3
d. Above	,, 5,000		...	,,	4

An advantage claimed by these rates is that they do not make the assessment in taxation so steep as to be a strong temptation to evasion and the maximum is not unduly high. At each charge in rate the extra charge due should be so graded that no one would gain by alienating a small portion of his land. From the table of various groups of pattas arranged according to payment of land revenue (*vide* Land Revenue Settlement Report 1940-41), an estimate of the approximate yield of the surcharge may also be obtained.

Collection, compilation and interpretation of data about incomes from land, costs of cultivation, costs of living under various income groups have to be faced with considerable difficulties to arrive at generally the number of assessees[1] in each district and their probable incomes. The cost of collection is also to be compared with that under the previous mode of assessment. Above all, introduction of taxation of agricultural incomes without adequate provision for exemption of incomes of the lowest groups would not be commendable. Hence sooner or later the existing system of land revenue has to be replaced by the levy of (a) a moderate tax at low rate; (b) taxation of agricultural income; (c) imposition of death duties†; and (d) local cess, together with other measures of a non-fiscal character for relief of the small holders coupled with measures for raising the yield from land have to be effectively enforced.

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1. Cf. R. N. Rau Report and also the proposed Estates-Duty Bill† of the Indian Dominion Parliament, 1949.

CHAPTER V

ECONOMIC EFFECTS OF THE ZAMINDARI SYSTEM

About a century and half has elapsed since the settlement with the Zamindars was made in the province. The period is long enough for examining its working and to appraise the economic incidence and effects of the system on the wealth and welfare of the people of the presidency.

Modern Outlook

In fact, it should have been abolished even at the beginning of this century, when the Government of India had found out that the system of Zamindari tenures 'which is not supported by the experience of any civilized country......is not justified by the single great experiment that has been made in India [1].' Sir B. P. Sing Roy, Minister for Local Self Government, Bengal observed as early as 1935, that "Many of us do honestly believe that the Permanent Settlement and all its concomitants are absolute anachronisms in the present economic structure of the country, the sooner they are removed the better for all concerned [2].' Abolition of the Zamindaris is one of the items of the Congress election manifesto, 1945 which pledged for the removal of 'intermediaries between the peasant and the state on payment of equitable compensation.' The demand of the Kisans and their organizations is very old and well known.

There has been also a thorough metamorphosis in the outlook of even the administrators and Governments. The Board of Revenue, Madras thought that the Zamindari system, appeared to have outlived such advantages as it might have possessed and many Zamindars even would welcome its abolition subject to reasonable compensation for the loss of their rights.[3] The Directors of Agriculture of several provinces as well as the soil chemists, without exception, recognised that unless there was a change in the conditions of

1. Memorandum on the Land Revenue Policy of the Government of India, 1902.

2. Studies in the Land Economics of Bengal by Sachin Sen, 1935.

3. *Vide* the Famine Enquiry Committee, Bengal, 1945, p. 350.

land ownership, there could not be much scope for the rapid progress of agriculture and for application of advanced technological developments of farming. Abolition of Zamindaris has now been accepted as a matter of economic policy by the centre and the Provinced in India. Thus there has developed already a concensus of opinion among all sections of the people about abolition of the non-ryotwari tenures.

Constitutionally speaking, even the Government of India Act, 1935 was no bar for abolition of the system. The question was considered by the Joint Committee on Indian Constitutional Reforms, who stated in their report that it should not ' be placed beyond the competence of an Indian Ministry responsible to an Indian Legislature, which is to be charged *inter alia* with the duty of regulating the land revenue system of the province to alter the enactments embodying the Permanent Settlement, which enactments, despite the promises of permanence which they contain, are legally subject (like any other Indian enactment) to repeal or alteration" sublect to the approval of His Majesty's pleasure.[1]

Objects of Introduction of Zamindari System

What are the main considerations which prevailed mainly on those responsible for introduction of Permanent Settlement in the Madras Province? How far they were realized in the light of subsequent events? The objects of the Permanent Settlement were two-fold: firstly, economic and secondly, political. From the economic view point, it was considered that the measure would result in the emancipation of the cultivators of the land from the oppression of the land-lords and other officers employed for collection of public revenues. Fixity of tenure was expected to lead to the happiness of the cultivators who could not expect moderation or encouragement if the landlords themselves were exposed to indefinite demands. It was clearly stated in para 11 of the Appendix 18 to the Fifth Report of the Select Committee on the affairs of the East India Company that "in order to simplify and regulate the demands of the landlords upon their tenants, the first step is to fix the demand of the Government itself." Thus the definite objective sought to be achieved appears to place the revenue paying agency on a definite footing in order to secure a minimum amount of revenue with assured payment, at the same

1. Report of the Land Revenue Commission, Bengal, 1940, Vol. I, p. 43.

time, freeing the hands of the few trained officials for other spheres of administration.

Apart from the fixity of Government demand on land, the application of "a productive principle of management" was also aimed at. It was observed that "a dependent country paying a large annual tribute and deprived of its ancient supports requires especially the aid of a productive principle of management".[1] The observations of the Court of Directors on the permanent settlement applied to Bengal were noteworthy. They observed "we find it convincingly argued that a Permanent Settlement upon the scale of present ability of the country must obtain in its nature, a productive principle; that the possession of property and the sure enjoyment of the benefits derivable from it will awaken and stimulate industry, promote agriculture, extend improvement, establish credit, and augment the general wealth and prosperity."

It was argued that trade would increase by increased production and that the industrious and prudent landholder sensible of the advantages placed within his power would improve his estate to the highest possible lfmit. "There will thus be a gradual accumulation, whilst the demands of Goverment continue the same; and in every step of this progressive work, property becomes of more value; the owners of mere importance.........Such surely appears to be the tendency and just consequences of an equitable fixed assessment[2]."

From the political view point, it was considered that at times of external invasion, it was of the utmost need to see that the landlord should be loyal and attached to the Government from motives of his own personal interest. A landlord who was secured in the enjoyment of the fruits of his estate could not obviously be influenced by any motive wishing for a change. Further, without a permanent settlement with the Zamindars, internal government would never take that form which alone could lead to the establishment of good laws and assure a good administration of them[3]. As a matter of fact, the aims of introducing permanent settlement in the Madras province, some of which are referred to in the above discussion, were clearly laid

1. *Vide* para 12, Appendix No. 18 to the Fifth Report of the Select Committee on the East India Company.

2. *Vide* para 10, Appendix 18 of the Fifth Report.

3. *Vide* pp. 624-25, Vol. I. Fifth Report of the Select Committe.

down in paragraph 8 of the instructions to the Board for collecting data and preparing ground for inception of the Zamindari system in the province[1].

To what extent these expectations had been materialized? Considering the economic aspect first, it is painful to note that neither the landholder nor the ryot prospered under the permanent settlement. Even in the early stages of its introduction, the system was found to have worked badly. The administration was defective. The Zamindars left all to their agents who tried to keep their masters (Zamindars) in ignorance in order to extort as much as possible for themselves. The result was universal arrears of revenue and large scale sale of estates[2] and inception of ryotwari settlement as seen in chapter iii.

In the estates which survived this process of disintegration, things did not fare better. The lot of the tenants had not been bettered by fixing in perpetuity the peshkash from the proprietors. The Zamindars as a class did nothing for their tenants to improve their lot, but instead, rack-rented them. No improvements of a remarkable degree had been made for soil conservancy, nor general revenues of the province had been augmented appreciably by the contribution of the Zamindars, as expected, to make good the loss of revenue sustained by Government by fixing up the Government demand in perpetuity.

The present position is all the more deplorable. By their uneconomic ways of living, wreckless and wasteful expenditure, a good number of the landlords had been run over by huge sums of encumbrances, external and internal. Many estates had gone to pieces in

1. See para 8. Appendix 18 of the Fifth Report.

2. Cf. It is sometimes stated that the amount which was fixed as peshkash to be paid by the Zamindars was excessive which to a certain extent led to arrears of peshkash and finally their reversion to the Government. According to the Permanent Settlement the Government share was fixed at 2/3 gross produce leaving the remaining to Zamindar as his share. In some estates a greater portion was levied on account of their fertility and well-cultivated character and in some cases the peshkash was imposed for political reasons without reference to revenue realized. The case of the 'haveli' lands in the proprietory estates was still worse. The proportion of Government peshkash was as high as 90% only leaving 10% to the proprietor while in case of Zamindars it was put at 60% roughly.

the process and others would have followed suit due to other causes in addition, but for the Impartible Estates Act. The Zamindari administration is well-known for gross inefficiency, corruption and sometimes for economic bankruptcy that they were unable to pay even their paishkash on the due dates. In many cases their staff are very low paid and are not regularly paid. Irrigation works have been neglected and the ryots have been oppressed through enhancement of rents and the severety of their collection. The entry of the Zamindars into public and political life siding with reactionary forces had not only wrecked them financially (like the Rajahs of Bobbili, Pithapuram, etc.) but also had led to intensify the strained relations between the Zamindars and their ryots.

On the other hand, it may be interesting to note the other side of the question, namely the view point of the advocates and admirers of the permanent settlement in early years of its inception, although they have lost their significance and force of argument in modern times. The advantages of a permanent settlement of land revenue were summed up by William Muir, the senior member of the Board of Revenue of the North-Western Provinces in a Minute in the year 1861 as follows: (i) saving of expenditure of periodical settlements and deliverence of the people from the vexations of resettlement; (ii) freedom from depreciation of estates at the close of each temporary settlement; (iii) prosperity arising from increased incentive to improvement and expenditure of capital; (iv) greatly increased value of landed property and (v) contentment and satisfaction among the people.[1] It was presumed by some that permanent settlement made the community economically stronger and it served as a safeguard against famine. Even eminent writers like R. C. Dutt were erroneonsly carried away under the notion that Bengal was permanently settled in 1793 and "since that date famines have been rare in Bengal and there has been no famine within the permanently settled tracts causing any loss of life[2]."

1. Studies in the Land Economies of Bengal by S. Sen, 1935, Ch. ii, p. 67. Also note encouragement of art, religion, literature given by some of the houses of the Zamindars.

2. *Vide* R. C. Dutt's reply to Lord Curzon's resolution on Land Revenue Policy, 1902.

N. B.—But Dr Radhakamal Mukherjee observes that this theory is economically unsound and historically false for it is the incomparable fertility of the soil of the delta which is an insurance against famine. Cf. Lord Curzon's Land resolution 1902 also expressed a similar view.

It is needless to dilate at length on examining how each of the expectations of the promoters of the Permanent Settlement were finally shattered. The recent verdict pronounced by the Land Revenue Commission, Bengal, 1940 on the operations of the permanent settlement in Bengal may be worthy to note. The Commission have observed that the system has (i) rendered the Government demand of land revenue inelastic and resulted in inequalities in assessment in different parts of the province and in different provinces; (ii) expropriated the legitimate rights of the ryots; (iii) given rise to the creation and growth of a number of parasites and intermediaries between the Zamindar and the actual tiller of the soil—all of whom live on the sweat of the cultivator; (iv) led to immense volume of harassing and expensive litigation between landlords and the ryots; (v) imposed an iron frame work which has had the effect of stifling the enterprise and initiative of all the classes concerned in agriculture; (vi) deprived the Government of the close contact and intimate knowledge of agricultural conditions; (vii) made it difficult to evolve any satisfactory method of raising and fixing fair and equitable rents throughout the province and (viii) given unrestricted rights to the Zamindars to exploit the millions of ryots. It has also given them monopoly of power and large economic resources that past experience tells us that any legislative reform which was placed in the Statute Book could be rendered negatory by the power which rests with the landholding class. These are the broad features with which the Zamindari system has been inseparably associated.

Financial Loss

The most obvious result of the permanent settlement is the loss of revenue to Government. Land revenue. which is a very important source of income to the financial resources of an agricultural province like Madras (the item of land revenue occupies the first place from the point of view of yield accountlng for about a third of the aggregate provincial sources of income) has remained rather inelastic over a third of the province for a period of over 150 years. Out of the total extent of 27,654,185 acres of ryotwari holdings during the year 1944-45 about Rs. 604.27 lakhs are derived as land revenue; while on about one-third of the area of the province which is under the non-ryotwari tenures, Rs. 54-75 lakhs (Rs. 47,35,192 as peshkash or revenue from permanently settled estates and Rs. 7,40, 548 as quit rent payable on lands held as inams or favourable tenure)

are derived, the aggregate amount of income of the province as land revenue being Rs. 659.02 lakhs.[1] It may be noted that in the year 1939 the total rent received by the Zamindars was about Rs. 232.6 lakhs, the amount of paishkash paid to the Government was only about Rs. 41.2 lakhs. Making due allowance for the cost of collection and charges of administrative establishment (which may be estimated at above 5 to 7 % of total collections, since the cost of establishment for collection in the estates is very low, probably amounting to half or a little more of that of the costly revenue administration under the Government), it becomes evident that the rent-roll alone, apart from other extras and customary collections, is about five times the paishkash paid by the Zamindari estates. In fact the present rent-roll of the Zamindars is about 4½ times of the total rental value of the Zamindari estates at the permanent settlement amount of Rs. 73 laskhs, as calculated on the basis of paishkash.[2]

The unearned increment due to the growth of towns and the development of trade and industries has also been appropriated by the Zamindars. The mineral resources, fisheries, navigable rivers etc., were not taken into account at the time of permanent settlement[3]. and they have been developed for the benefit of individuals without any coordinated plan. Besides, the benefit of cultivation, cultivation of more improved and valuable money crops, application of scientific improvements and technological developments in agriculture and benefit due to rise in prices have all been accruing to the Zamindars as reflected in their bloated incomes but rarely to the ryots of the estates, when increase in rents were not considerable or possible.

Thus the exact extent of financial loss to the province on account of permanent settlement cannot be estimated to any degree of mathematical precision. It was estimated by the Floud Commission that the loss of revenue to the Government in Bengal due to the Permanent Settlement might be Rs. 7 to 8 crores a year. For Madras the

1. *Note*: This figure does not include Rs. 52·98 lakhs derived as water-rate and second crop charge as well as Rs. 126.23 lakhs derived under the head "Miscellaneous revenue on land" during the same period. Account also must be taken about the revenue concessions, remissions etc. made in the year.

2. That is in the proportion of 2/3 to the State and 1/3 for the Zamindar on the basic annual amount at the time of Permanent Settlement.

3. See paras 13 and 14 of the instructions to the Board of Revenue for introduction of Permanent Settlement. Cf. Also Provisions of the Estates Land Act I, 1908

STATEMENT NO. 1.

Classification of estates according to their income groups and areas.

Various income groups.	Number of estates.
I. Estates getting annual income of Rs. 10,000 and less	23 / 95*
II. Do. over Rs. 10,000 but Rs. 20,000 and less ...	Nil
III. Do. over Rs. 20,000 but Rs. 50,000 and less ...	3
IV. Do. over Rs. 50,000 but Rs. 1 lakh and less ...	1
V. Do. over Rs. 1 lakh but less than Rs. 10 lakhs ...	2
VI. Do. Rs. 10 lakhs and over ...	Nil

Various area groups.	Number of estates.
I. Estates having area of 500 acres and less	13 / 42*
II. Do. over 500 acres but 1000 acres and less	4 / 25*
III. Do. over 1000 acres but 3000 acres and less	5 / 84*
IV. Do. over 3000 acres but 5000 acres and less	Nil / 2*
V. Do. over 5000 acres but 10,000 acres and less ...	3
VI. Do. over 10,000 acres but 15,000 or less ...	Nil
VII. Do. over 15,000 acres but 20,000 or less ...	1
VIII. Do. over 20,000 ...	5

* Inam estate. Note: Due to inadequacy of available data with regard to the incomes and particularly the areas of the estates, the figures presented above may not be exhaustive.

loss of revenue may be placed at a humble figure of a crore of rupees, after making due allowance for the high rates of rents prevalent in many of the Zamindaries and also assuming that those areas are assessed at the assessment rates prevailing in ryotwari areas of similar and similarly situated lands. But the real loss to the community as differentiated with the money loss, direct and indirect, may be estimated as anything between Rs. 2½ to 3 crores a year approximately on account of favoured tenurial systems. Then, let us consider for a while the aggregate value of loss, financial and economic, due to permanent settlement with Zamindars since its inception in 1802! Let it be viewed espectially with reference to the districts like Vizagapatam, Chittoor, East Godavari and Nellore where 90 per cent to 50 percent of the areas in the districts are occupied by Zamindaris!

Classification of Zamindaries and Zamindars

The Statement No. 1 attached shows the classification of the estates according to different income groups and areas. A scrutiny of the figures relating to their incomes and sizes of the Zamindaris (as well as the inams) in some of the districts reveals that thay range from petty estates getting incomes of a thousand rupees and even less with one, two or three villages (or a few acres in some instances) to estates of gigantic size like Vizianagaram, which is the biggest and the largest in the province, and those like Sivaganga, venkatagiri, Tirupati, etc., with vast spaces of land and with incomes mounting to several lakhs of rupees.

If the problem is looked at from another angle, it may be found that the incomes of some of the estates are not only huge by themselves, but there are some Zamindars like Bobbili, Parlakimidi and Tirupati Devastanams who own more than one estate, which when added up indeed would amount to very huge sums. It is difficult to arrive at these statististics from the list of the Zamindars maintained by the Board of Revenue for various reasons, as difficulty of identifying the estates, situated in different talukas and districts, as belonging to one Zamindar. A study of some of the estates whose proprietor owns more than one estate, number of such estates owned, number of talukas or districts in which they are situated and aggregate income and extent of all the estates throw useful light. It incidentally draws attention to one more point, namely that estates and private lands

(seri) are held not only by the Zamindars and the Rajahs but in addition by their wives, near and dear ones separately and jointly.

Divergence between Rent-roll and Peshkash

When we examine the proportion between the amount of rent collected by the *estatedar* from the ryots and the pashkash paid to the Government according to the permanent settlement, it may be evident that the system is it once glaring as Major Jack has justly described the position as "the most amazing caricature of an ordered system of land tenure in the world."

Some cases, representing striking divergence between rent roll and peshkush are presented in statement No. 2. It is clear that out of a total income of Rs. 12,70,585 from the 16 estates only Rs. 42,828 are paid as peshkash. In other wards, out of an aggregate income of the Zamindars only about 3½% is accruing to the Government, while the rest about 96½% of the income derived is going to fill the pockets of the few *estatedars* of the presidency at the expense of the poor ryots in those estates as well as the revenue that may otherwise accrue to Government.

It is to be borne in mind that over and above these incomes, the Zamindars get incomes by a number of ways, as collection of other levies from the ryots, incomes from seri (home farm) lands, from assignment of wastelands, forests, fisheries etc. The costs of collection of rents or what may be termed as expenses for maintenance of revenue administration are low in the Zamindaris varying from 5% to 10% of the collections. As a matter of fact according to the information made available in the Prakasam Committee Report in case of Bobbili and Vizianagaram, they amounted only to 3% and 7.5% of revenue collected respectively. The divergence between the two margins of incomes and peshkash involve huge amounts in case of big estates like Bobbili, Kurupam, Kottom, Jaggampeta, Mirzapur, etc.

Experience of taxation during the world war II records levy of very expropriatory rates of taxation on incomes of higher brackets bordering even upto 80 to 90% of the profits derived, as for example, under the Excess Profits Tax. Therefore, the continued existance of the same assessment rates on the *estatedars* holding about a third of the province at very low or nominal levels of assessment appears monstrous. The Floud Commission is very clear in their findings on

STATEMENT No. 2

Showing the divergence between rent roll and Peshkash paid for some estates:—

Name of the Estate	District in which located	Rent Role at present	Peshkash at present	Proportion of Peshkash to rent roll
		(Rs.)	(Rs.)	
1. Mandasa	Vizagapatam	2,76,059	12,816	1/21
2. Budarasingi	„	24,885	448	1/55
3. Tarla	„	1,06,987	3,407	1/31
4. Mubagam	„	33,961	600	1/56
5. Tangedu Gatwada	„	55,991	1,511	1/37
6. Gangol	E. Godavari	31,133	1,240	1/25
7. Arni	N. Arcot	2,61,572	5,015	1/52
8. Vettavalem	„	11,645	33	1/353
9. Medur	Kistna	1,66,287	8,080	1/20
10. Munagala	„	1,25,680	4,511	1/28
11. Gamallagudem (East)	„	34,357	1,718	1/19
12. Lingagiri	„	20,000	486	1/41
13. Daxina Velluru	„	77,133	1,045	1/64
14. Udayarpala-am	Trichinopoly	1,86,020	665	1/280
15. Turaiyur	„	47,019	700	1/67
16. Sivapuram Mitta	Tinnevelly	11,906	553	1/21
Total ...		12,70,585	42,828	Average =1/29·6 =3 1/8%

* The statistics relate to figures for the year 1939.

this point. They have remarked that the Permanent Settlement "has stereotyped land revenue at a figure far below the fair share, which the Government ought to receive. and is substantially less than the share taken, where there is no permanent settlement and where the land is less productive.........The limitation of the revenue payable by the Zamindars coupled with their exemption from any iecome tax on agricultural incomes throws an undue burden on other class of tax-payers[1]."

Rents

Before entering into a detailed examination of the ways in which the incomes of the estates are being expended and the extent of benefit derived by the agrarian communities thereby, it is necessary to study about rents in the estates. It is only after a close analysis of the ways of deriving and spending the incomes of the Zamindaris, a correct idea about the economic effects of the system, as a whole, can be had.

Considerations About the Zamindar's Share

The Permanent Settlement Regularions of 1802 have done the mischief in that while fixing the peshkash of the Zamindars in perpetuity, they were not so clear about the question of demand and collectlon of rents from the ryots by the Zamindars. It naturally gave rise to much confusion and led to many evils connected with the Zamindari rents and levies on the ryots. In fact, even the Sanads and Kabulayats granted to the Zamindars under thePermanent Settlement did not seem to have clearly laid down the amount of exact proportion of demand of the estateowners on their tenants †

1. Report oi the Land Revenue Commission, Bengal, 1946, Vol. I, Chapter II, p. 35.

†*Note* :—The following are the extracts from Para 12and 14 of the Sanads :—

" You shall enter into engagements with our ryots either for a rent in money or in kind ; and shall within a reasonable time grant to each ryot a patta or cowle clearly difining the amount to be paid by him and explaining every condition of the engagement, and you shall grant or cause to be granted regular receipts to the ryots for all discharges in money or in kind made by them to you or for your account" (vida para 12).

" Being therefore, sensible of the benefits conferred on you by these institutions and confident of enjoying the fruits of your industry, you shall be punctual in your engagements with the Government, you shall conduct yourself with good faith towards your ryots, whosc prosperity is inseparably connected with your own, you shall treat them with tenderness, encourage them to improve and extend cultivation of the land, and lay the foundations of your happiness in the permanant prosperity of your Zamindari." (vide para 14).

The fourth clause of Section 4 of the Patta Regulation deals with the issue of pattas providing for the division of the produce of land between the Zamindars and ryots. It has been no doubt stated in certain State papers that the Government or its assignee, the Zamindar cannot collect anything more than "the customary rent" or "established varam." Though the system of 'varam' or payment of rent in kind (generally by a share of the crop) may be said as implied, it is difficult to state whether the 'varam' implied is half or less than half, or more.

In order to seek some light on the interpretation of the term "established varam". otherwise claimed by the Zamindar as "Rajabhagam", it may appear profitable to have a look into the practice existed prior to the permanent settlement. There was, however, no uniform method of assesssment before permanent settlement, Sharing system, fixed rents in kind, and in certain cases, even cash rents called kists[1] were discernable. There were variations in the rates of varam ranging from 2/5, 1/3, 1/2 ctc. in the proportion of the produce in different parts in the Sirkars and the districts of the South and the West according to custom and the local agricultural conditions prevalent. The proportions allowed by the ancient usages were 8,10 and 12 parts in 20 in case of paddy lands and fixed payment in kind on lands producing tobacco, indigo, sugarcane. garden crops and vegetables. The village system was also found in vogue. Thus, at, and before Permanent Settlement rents were eigther collected as a share of produce, fixed rent of grain and, in small number of cases, even in cash at dilierent rates.

There has been no settled opinion, therefore, about the 'Rajabhagam' claimed by the Zamindars, (whether it is half the gross or half the net produce), though broadly it is taken as half the gross produce. The court's decisions on interpreting and fixing up this 'Rajabhagam' varied. so to say, in each case. No enquiry was made at the time of Permanent Settlement regarding the full implications of this 'Rajabhagam' or of 'the established varam' in accordance

1. See for details: (a) Extracts quoted from the Circuit Committee (vide Part I, pp. 381-382 of the Prakasam Committee Report, Minute of Dissent by the Zamindar of Mirzapuram); (b) Ramnad Mannual, p. 227; (c) Political Survey of Northern Cirkars vide Fifth Report, Vil. II, p. 165 and (d) Memorandum by the Maharaja of Jayapore vide Memoranda, Part I. p. 27, of the Eatates Land Bill Committee Report.

with the custom of the country or the usages prevalent in different villages or the ability of the ryot. In fact, the interpretation of the 'Rajabhagam' as half the produce has been read into the Permanent Settlement by many persons without an adequate analysis of the position. The question of how much the tenants have to pay to the Zamindars has not been examined fully till the enquiry of fhe Prakasam committee. The Zamindars were given a free hand to xploit the ryots by enhancement of rents to a high pitch, until the passing of the Estate Land Act I, 1908. Every pretext known to the civilized world to enhance rents had been fully employed. It is regrettable that even the Act of 1908 assumed that the rents obtained at the time of passing the Act, with all the additions and enhancements, as fair and equitable.

Basis of Rent Collection

Not only clarity about the system of assessment of rents is lacking but there are no definite and scientific ideas about the basis of assessment of rents in many Zamindaries, till recently. It is interesting to note that, till a few years ago, even the area of land was not the basis of assessment. Rent was based either on yield, on the sowing capacity or the ploughing capacity of a ryot. Such practices may be justified in early times when boundaries were indefinite, in absence of regular survey and record of rights, or in face of precarious agricultural water supply. For instance, the basis of rent in the estates of the Ganjam and Vizagapatam districts was generally "garsi"[1] Irrespective of any measurement of land a plot of land yielding one "garsi" is taken as the basis of rent. In the Central Zamindaries from the East Godavari upto Krishna the "putties, pundums" (measures of grain) etc. were the basis. That is, land capable of being sown with a 'putti or pundum' of grain is taken as the basis. In some other Kistna Zamindaries what is called 'Kathies' and 'Firas' were the basis. One 'Gorru' being roughly 3 acres and 12 cents is the basis in the Estates like Venkatagiri in Nellore district. Here the ploughing capacity of the ryot is the standard. In Chittoor district what are called the "Guntas" are the basis of renting, the approximate conversion rate being 15 guntas equal to one acre[2].

It is a matter of common knowledge that formerly rents on large extents of the Zamindaries were used to be collected in kind which

1. Garsi = 16 bags each weighing 166 lbs.

2. Memorandum by the Secretary of the Andhra Provincial Committee, p. 662 *Vide* Supplementary Memoranda—Ibid.

have been converted into money in many of the estates at present. It was the Madras Estates Act, 1908 which provided for the first time in Section 40 that a Zamindar or a ryot might petition to the Collector to have grain rents commuted into definite money rents. Commutation is to be made with the consent of both the, parties but it is open to either party to revert to the varam system, if he finds the money rents are unduly high or low. In course of time, the basis of assessment was also converted into rough acreage. It is pointed out that this process of convertions has resulted in many cases in enhancement of rents. A discussion of the basis of assessment and rates of assessment of rents naturally leads to a study of the methods of renting or assessment of rents. Rents are assessed both in kind and cash in the Zamindaries.

Rents in Kind in Different Estates

Assessment of rents in kind are prevalent even at present in many estates. Collection of rents in kind, by sharing or fixed tenancy system, is not only primitive and incompatible with the modern principles of public finance, but it is found highly oppressive. Assessment in kind is prevalent to a considerable extent in estates of Vizagapatam, the Northern Sirkars and in the Ramnad district in the South. Some of the estates in Kistna, Guntur, Nellore and Tanjore districts also collect rents in kind by sharing or fixed produce system. Crop-wari rates prevail in Zamindaries of Chittoor, Nellore and to a little extent in Kistna and Godavari districts. At least three different methods of renting appear to be in vogue, namely, varam, crop-appraisement and cropwari systems. There are also some other peculiar systems which may as well constitute a type by themselves and may be studied later on under miscellaneous systems.

The Varam System

Usually the proportion of share under the varam is half the gross produce, though cases where it is 1/3 or 2/3 are not uncommon. It is half the produce in estates like Kurupam, Mandasa, Tarla, Patatekkali and in some petty estates like Telagam, Thumbura, Raghunathpuram, Nandigama, Nowgam, etc., in Vizagapatam district mostly in case of dry lands and for some wet lands as well. It is gathered that in the Mudugala agency, 2/3 of what the hill-men produce including some valuable spices is collected by the Zamindar.

In some big estates like Idiyakottai, Saptur and Madura Devasthanam estates, in addition to varam, payments in money, which by themselves are equal to the rates in the ryotwari areas are collected. The burden of the commuted money value of rents thus assessed is probably unknown under any existing system of assessment in modern times.

The varam is generally prevalent in estates which are not surveyed, probably due to the practical difficulties of settling rents in money in absence of survey and settlement operations. The influence of custom appears to be a powerful reason for its prevalence in the North Vizagapatam and in some of the districts in the South. Owing to the heavy incidence of the rent rates under the system, firstly, the practice of *sub-letting* is not large, as the occupancy tenant or the landholder cannot benefit thereby. Hence the evil of the existence and growth of intermediaries may be said to be not so pronounced in the estates of Madras as in the estates of Bengal. According to the Simon Commission, in some districts of Bengal the sub-infeudation has grown to such astonishing proportions that as many as 50 or more intermediary interests have been created between the Zamindars at the top and the actual cultivator at the bottom. The rents paid by the sub-tenants on dry lands are as low as produce worth one rupee in addition to Rajabhagam payable to Zamindar, while on dry and manavari lands they may amount to Rs. 2, besides the share due to the Zamindar.* It is said that in Mandasa estate few pattadars sublet and there are not more than 10 % of the whole. A small amount of rent in kind or in cash is paid by the sub-tenants. Sometimes no rent is paid at all and the occupancy landholders are satisfied if land is kept under cultivation and handed over to them whenever necessary. Though the evil of subletting is less pronounced in the estates of the province as compared with conditions elsewhere, yet, the economic condition of the ryot is in no way satisfactory.

The system of collecting rents by varam works out great hardship to the ryots in various ways. On the one hand, the procedure adopted for collection adds to the miseries of the ryots and, at the other the employment of unscrupulous agents for collecting rents at the time of harvests adds to their difficulties. Mr. Lee-Warner in

* C. F. The Oral Evidence, Part II, P 123: Vide The Prakasam Committee report.

his administration report of the Zamindaries for Fasli 1282 writes: "I am convinced, unless we strike at the root of the evil of introducing a fixed assessment (in kind or in money) on the wet lands of this region, the region will remain, as Lord Napier has described it, the poorest, the driest and the most neglected in the presidency."

Fixed Rents in Kind and the "Crop—appraisement."

Even where the Zamindar collects assessment of rents fixed in kind, the conditions are no better. For example in Venkatagiri estate 2 tooms on manavari land, 5 to 12 tooms per acre on wet lands are the rates. In some of the estates of the Vizagapatam district, like Kurupam and Parlakimedi rents of 7 to 10 putties an acre by "crop-appraisement"* are assessed. As the Zamindar's men do not attend the fields immediately after the call of the tenants, the harvests in the meanwhile may be damaged due to bad weather or insects.

The 'Cropwari' System

The 'cropwari rents'[1] or the system of collecting different rates of rents for various kinds of crops are prevalent in the Chittoor Zamindaries like Tirupati, Karwetnagar, Punganur and to a certain degree in the Nellore Zamindaries and also in a few estates in the districts of Kistna and the Godavari (*e.g.*, Pittapuram). There were 'cropwari' rates on wet as well as on dry lands. In Karwetnagar estate for ragi and cholam the rates are upto Rs. 25 per acre; in Punganur it is learnt that three Fasli rates are collected for sugarcane. Similarly for turmeric, 'devanam', groundnut, korra and sajja there are different cropwari rates which are found very high in certain places. † These rates would prove all the more burdensome

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* See The 'Anchara' system: *vide* my monograph on 'The Sharing and Fixed tenancy systems,' 1949.

1. Rent is fixed according to crops raised. The assessment is not in relation to yields but according to the classification of crops. For each crop a particular rate is fixed, and there is what is called Tirvai dittam which the Zamindar maintains and the rate is levied accordingly When the lands remain uncultivated it is purely within the discretion of the Zamindar or established usage of the region to assess the land or not.

† *Note*: In Karwetnagar estate under betel Rs. 70 per acre is levied; in Innuganti village (Venkatagiri estate) there are lands bearing Rs. 80 per acre under the system; while in the sea coast villages of Ettumukkala, Madanur and Rajapalem lands raised with betel are assessed at Rs 52-2-10 to Rs. 69-8-11, and for turmeric gardens at Rs 26-1-5 to Rs. 34-12-6 per acre. Witness No 290 examined by the Prakasam Committee has stated that in the taluk of Narayanavanam (Chittoor district) the rates of assessment of rents are too numerous and differ from village to village and even from field to field in the same village. For instance, in the village of Manepalle for paddy alone there are 16 different rates; and for cumbu, jonna aruka and others there are 6 different rates.

when prices of agricultural produce including highly taxed crops as sugarcane fall steeply during the depression. In some divisions of the Ramnad Zamindari, the ryot is unable to raise more profitable crops on lands, because the proprietor claims extra rent for the superior crops, thereby leaving the same poor margin to the ryot that obtained when less remunerative crops were grown.

It is found that the system has encouraged the ryot to grow lighter and dry crops even on wet land suited for cultivation of heavy and superior crops, because by doing so he is not liable to pay higher rates of rent. The obvious effect is all incentive is denied to the peasant to increase crop value and to improve land. In certain places under the cropwari system, land is subject to payment of rents only when it is cultivated with crops. This results, naturally, in keeping many lands as waste and discourages cultivation of heavy crops as sugarcane, etc., thus favouring only subsistence-farming. At the other end, it leads to leakage of revenue to the Zamindar, as reliance has to be placed considerably on the honesty of the karnam and the lower revenue officialdom in checking and proper maintenance of accounts. It is gathered by the writer in his tour in the Chittoor district that, if 100 acres are actually cultivated in a village under a certain crop, by influencing the karnam only a small portion of it can be entered as cultivated area in the village accounts, while the share actually reaching the 'khazana' of the Zamindar may be still lessened, if due provision is made for corruption of the underdogs of the estate-officialdom.

Other Systems of Renting

A variant of the "cropwari" is known as the "kasuri" system in the Venkatagiri estate. According to this, by a recent innovation of the muchilika (patta) the ryot has to pay the stipulated rate for vermillion once in every three years, irrespective of the fact whether the crop is grown or not. It is surprising that the estate defends it on the ground that the system gives inducement to ryots to grow valuable crops. During the time of collection of rents what is called the 'Niruku' way of calculation is adopted. A study of valuations on this method discloses that rents amounting to as high as Rs. 108-10-0 per acre of wet land are found. In Chittoor and Nellore Zamindaries, in Arni Jagir and some other estates it is reported that rents are collected according to 'taram'. From a scrutiny of the so-called

'tarams', it may be seen that these 'tarams' are only borrowed from the Government revenue practice which are not at all based on any scientific classification of soils or yields. There are instances where all the so-called 'taram' rates were raised to the highest 'taram' at the caprice of the Zamindar, but when enhancement of rents was made a flat rate was applied to all the lands equally.*

Conditions Imposed While Renting

It may be interesting to note in this connection that some peculiar conditions are imposed while renting. Firstly, in the Venkatagiri villages of Darsi division conditional cultivation of inferior lands for consideration for holding better lands is imposed by the Zamindar. Another variant under this category is known as 'Mulum rahiti' zerayat. According to this, dry land is classified by the estate as being capable of prospective garden cultivation (mulum). Though the present land bears a very low dry rate, in view of the prospective rise in income, the cess is calculated and collected on the basis of the garden rate from the present time. In the eastern Zamindaries the usage has been that every patta includes, in addition to the dry and wet cultivated land, some area called 'Meraka or Gograsam'. The whole patta rate is included in these lands and, recently, these lands are also charged with cultivation rates treating them as patta excess. 'Veesabadi' rate is levied on the 'pullary' (grass land) and the ryot has no alternative except to convert it into cultivation. This practice not only enhances the patta rent but renders cattle grazing difficult. The same usage is seen in the West and East Godavari districts under the 'pullary' and 'veesabadi' heads. Subsequent to the Estates Land Act I in these parts the Zamindaries levied the 'veesabadi' rates (rates assessed for cultivated land) on 'pullary' land or lands set apart for grazing cattle or lands kept uncultivated to facilitate the lands in recouping their fertility.

Collection of Water Rates

Among charges commonly levelled against the Zamindari administration water rates figure prominently. Some of them are that wet land rents in cash are collected on those lands which do not

* *Note*:—It is also of interest to note the significance of the classification of lands under Ulkhudi, Purakkudi and Kavul.

Vide The oral evidence of the witnesses examined by the Prakasam Committee, Part II, p. 19.

possess facilities of irrigated water; and, secondly, without securing water supply to the precarious sources of irrigation, water rates are collected. These two complaints are raised against the Zamindari administration universally, and there is material enough to substantiate their validity. There are instances where wet land rates are collected on lands under tanks defunct 30 years ago. Water rates are charged on lands cultivated by means of rain water collected in the fields by the ryots. Lands are also assessed with water rates which are cultivated with the help of drainage surplus water coming from the higher tenements to the ryot's low-lying fields, without making arrangements to protect the fields of ryots against damages caused by such flow of water. Another form of unjust levy under this head is said to be that of charging water rates on lands cultivated with dry garden crops under wells dug and maintained by the ryots themselves at their own cost. These are called 'Mulum' in Nellore and Chittoor districts and 'Zarib' in Kistna and West Godavari districts, and 'garden lands' in the eastern districts. Those who went to courts alone were relieved of these burdens. In some regions, in spite of clear legal judgments against such collections, it is complained that the levies are still being continued on some who are unable to contest the continuation of levies in courts because of their financial circumstances. Lastly, there is one other evil connected with charging of 'second crop' rates. Manurial and fodder crops are also charged at wet rates as obtained in Urlam and Venkatagiri estates.

Irregularities in Rent Collection

Some queer cases of irregularities in rent collection are noticed in the Zamindaries: (1) in Kistna district it is noted that the two Zamindars of Mirzapur and Laxmi-Narayanpuram collect two sets of rents for the same land, both being at wet rates; (ii) on pre settlement inams in Gamallagudem estate on an area extending over 300 acres, both rent and quit rent are collected by the Zamindar and the Government. These inams were enfranchised in 1908. As a result of long litigation between the Zamindar and the Government about their respective claims, the High Court has held that these are pre-settlement service-inams and there is no objection for the Government to levy quit-rent. It appears, both the parties refused to decide anything with regard to the inamdars because they did not file an appeal. Taking advantage of this peculiar situation it is said

that the Zamindars collected rent on the ground of the lower court's judgment, while the Government collected quit-rent on the strength of the High Court's judgment. Such kind of dual collection is reported to have been made in some other estates in the Kistna district; (iii) in some estates the rates on inams were enchanced. Those inamdars who could fight out the levy in courts have won and saved themselves from payment of enhancements, while others who could not challenge the levy are still paying them. Some villages in the Venkatagiri Zamindari may be cited as an illustration in point; (iv) in order to obtain more revenue from wet land, the rates of assessment are based on area of land, namely guntas. But it is interesting to note that the accepted extent of land of a gunta is not the same under wet and dry lands. An acre is equivalent to 15 guntas of dry land and 16 guntas of wet land. But strictly speaking 1 gunta is said to be equal to 7 units of dry land and 6¼ units of wet land. The effect is that the ryot generally prefers to cultivate dry crops rather than wet crops, with the result that a good number of ryots have to purchase paddy for their own consumption under the circumstances, as he does not raise paddy on wet lands cultivated by him.

Cash Rents

The oppressive and expropriatory nature of rents in Zamindaries may be realised more distinctly, when we pass on from rents In kind to a scrutiny of rates of cash rents prevailing in some of the estates and compare them to rates of assessment on similar neighbouring ryotwari areas. Assessment of rents in cash may be rendered easy and accurate, if survey and settlement operations are carried out beforehand. It is to be noted that in case of unsurveyed estates, the extents shown in the pattas and muchilikas do not represent the actual areas of land occupied by the ryots. They are strangely arrived at in some estates by adopting an arbitrary convertion rate like the one adopted in the estates of Vizagapatam district. For example, one 'garce' of wet land was treated as equivalent of two acres, while one 'garce' of dry land being taken as equivalent to 4 acres.* It has been brought to the notice of the writer in his tour that in the village Sankili (in Bobbili estate) that on the basis of recent surveys of land made in connection with the grow more food' drive in the estate in accordance with the instructions of the Provincial

(*Vide Vizagapatam district Gazetteer, p. 132.)

STATEMENT No. 3.

Showing the minimum and maximum rates of cash assessments in some estates.

Estate.	Rates of assessment.		Estate.	Rates of assessment.	
	Dry land.	Wet land.		Dry land.	Wet land.
	Rs.A.P. Rs. A. P.	Rs. A. P. Rs. A.P.		Rs.A.P. Rs. A. P.	Rs. A. P. Rs.A.P.
1. Baruwa ...	4-8-0 to 12- 0- 0	11- 0-0 to 28- 0-0	9. Tiruvengalanatha-Rajapuram.	0-1-4 to 38- 8- 0	0- 7-11 to 40-0-0
2. Madgole ...	0-4-0 to 25- 0- 0	1- 0-0 to 85- 0-0	10. Vizianagaram ...	0-4-0 to 8- 0- 0	3- 0- 0 to 22-0-0
3. Kottam ...	0-7-0 to 59- 0- 0	0-11-5 to 56- 0-0	11. Bobbili ...	2-0-0 to 6- 0- 0	6- 0- 0 to 35-0-0
4. Gollaprolu ...	0-4-0 to 25- 0- 0	0-10-0 to 30- 0-0	12. Salur ...	0-4-0 to 3- 0- 0	10- 0- 0 to 30-0-0
5. Pittapuram ...	0-8-0 to 15-12- 0	0- 7-0 to 34- 0-0	13. Shermahammadpuram (West).	1-0-0 to 10- 0- 0	3- 0- 0 to 18-0-0
6. Palivela ...	8-0-0 to 20- 0- 0	... ...	14. Taleprolu ..	0-6-0 to 45- 0- 0	0-12- 0 to 13-4-0
7. Puniganur ...	0-1-2 to 15-14-10	2- 3-6 to 17-12-6	15. Venkatagiri ...	0-3 0 to 20- 0- 0	1- 0- 0 to 50-0-0
8. Saptur ...	0-8-0 to 5- 0- 0	6- 0-0 to 24- 0-0	16. Sivaganga ...	0-2 0 to 4- 0- 0	1- 0- 0 to 25-0-0

* It is stated that lanka lands in the Palivela estate pay Rs. 5 to Rs. 160 per acre; while in Vangalpudi estate lanka lands (Voota) are assessed at Rs. 40 to Rs. 160 per acre.

Though further details about extents assessed under each of these various rates of assessment in the above estates are not available, for examining, the question in somewhat greater detail, yet it is apparent that the levy of such high rates of assessment by itself is a sufficient testimony to demonstrate the expropriatary and rack renting nature of rents in the Zamindaris.

Government, the actual areas under some pattas are found to be 1/2, or 2/3 of the extents shown in the pattas issued by the Zamindar. This is one of the important points to be reckoned with in examining the severity of the burden of rents in the Zamindaris.

The levy of rents in money by Zamindars is, as a rule, stands no comparison with the levy of revenue rates in similar and similarly situated adjoining Government areas. The Zamindari rates are generally higher than the Government rates of assessment by at least 4 to 5 times. The high rates of cash assessments and their extracting character may be seen from statement No. 3. Enquiries made by the Andhra Provincial Congress Committee[1] in this connection reveal, that averages taken from low and high rates prevailing in considerable areas in 93 and 67 typical villages situated in almost all the important Zamindaris and in some petty estates in the Telugu districts respectively, that the average low rate was Rs, 14—4—2 and the average high rate was Rs. 24—8—0 per acre. The lowest rate was not less than Rs. 12 (the maximum being Rs. 59) on paddy growing lands; and 'manvari' lands carried rates from Rs 8 to Rs. 14 in many places which are decidedly many times higher than the corresponding average rates levied in some of the very fertile delta lands in the province.

Enhancement of Rents

It is pointed out already that the Permanent Regulations had not settled clearly the amount or share to be paid to the Zamindar by the ryots. Therefore, till the passing of the Estates Land Act I, 1908 the Zamindar began to levy and enhance rents arbitrarily in innumerable ways. Witness* No 61 (Mr. A. G.) from Parvatipuram and Kurupam estates in his oral evidence gave many cases of high assessments and enhancements of rents by pattawar (quoting patta numbers). Exhibiting documents regarding the village Koyyur

1, See. Hundred and thirty six years under Zamindaries, Published by the A. P. C. C., Masulipatam, 1938.

*Patta No. J. P. 17 of Palem the original rent of Rs. 90 was raised to Rs. 182 in Fasli 1318 Then there was an increment of Rs. 0-2-0 in the rupee which pushed up the figure further to Rs. 208 in Fasli 1339. Again there was an enhancement under Section 42 and it was raised to Rs. 242. In another case J P. 4 of Ichada village the kist in Fasli 1312 was Rs. 50. It was divided into two pattas Nos. 4 and 5 with the result the assessment was increased to Rs. 92-5-11. Vide oral evidence of witnesses examined by the Estates Land Bill Committee, 1938.

(Gollapalli estate, West Godavari district), witness No. 109 (Mr. V.V.) who was formerly a petty officer in the estate stated that the assessment of the village was Rs. 2,448-8-4 in the year 1894 and in the year 1938 it was found standing at Rs. 5,537-8-9. Thus in about forty years, the assessment was more than doubled. In a similar case it rose from Rs. 246-1-7 in the year 1896 to Rs. 817-2-9 in the year 1938. As a matter of fact an examination of the incomes of the estates at the permanent settlement. 1802 and that derived at present would throw light on the extent to which the rents and incomes of the Zamindaries have been pushed up. It is important to trace the main factors which were answerable for the enhancement of rents or rack-renting in the estates.

Factors Responsible For Screwing up of Rents

In the first place, in the early period an effective way of raising rents was the practice of the Zamindars to lease out their estates to rentiers or the Izaradars at the highest sums who used to "pillage the villagers' by squeezing as much as they could from the ryots. It was under the Izara or the Muttadari systems that rents were first raised to a great extent in the western estates like Venkatagiri after the Permanent Settlement. Second, in the estates were the Zamindar dealt with the ryots directly every renewal of the lease led to enhancement of rents. Within a period of 15 to 25 years rents were found becoming two-fold, three-fold and even four-fold of the original ones. A considerable portion of this inerease may consist of incomes on seri lands, unjust levy on dry garden crops under 'mulum;, 'zarib' and 'thota'. Third, commutation of rents from kind to cash resulted in enormous rise of rents in some estates. The rents in kind which were consisted of additions due to illegal levies as the 'garsi' mamool 'sadalwar' 'madari kasuri' etc., were simply converted into money at arbitrary rates. Fourth, the claim of survey excess under private survey operations was another way of enhancement. Fifth, the levy of cultivation rates even on the wastelands which were recently brought under the plough was one of the causes of raising rents in the eastern and a few western Zamindaries. The so-called 'markas' and 'gograsams' held under the pattas in the eastern Zamindaris and the 'ganimas' in Sullurpet division (Venkatagiri estates) may be mentioned as some of the varieties under this heading. Sixth in some of the leases in Bobbili and Salur Zamins, the classification of lands under irrigation, into the major and minor irrigation works resulted in increase in rents under the so-called major works, though

there is no security of supply of irrigation water under both. The assessment of second crops sometimes at half or even three-fourths of the rates of the first crops is unjust and contrary to usage. Lastly, even under the existing legislation (The Estates Land Act I) enhancements are provided for by petition and other operations, if not by contract. Under Section 30 of the Estates and Act a decree for enhancement of rents upto Rs. 0-4-0 in the rupee can be obtained by the Zamindar in his favour on account of rise in prices by merely filing a price list from the taluk office in the court under a Deputy Collector. On the other hand, if prices fall, the tenants may not be considered eligible for remissions. In this manner*, on the presentation of the price-lists, estates like Vizianagaram, Jaggampeta, Kirlampudi and a horde of many other small Zamindaries filed enhancement suits from 1928 onwards and many estates are said to have collected the decreed enahancements with retrospective effects and costs. Moreover under the settlement provisions of the Estates Land Act, enhancement is made possible. The Board of Revenue recognized in the recent Parlakimidi settlement dispute, that in the processs of settlement of rents under the settlement provisions of the Estates Land Act, 1908 enahancement could be granted by the officer without limit. These findings would smack queer because the tenants were required to pay those rents in the depression years according to the settlement made on the basis of prices of the ten pre-depression years. These are some of the methods of rack-renting by the Zamindars.

Other levies and illegal exactions

These exclude other levies and illegal exactions. Although it is true that many 'mamools' are being exacted in the ryotwari areas also in kind or in cash by the Government officials and the landlords, yet this aspect has a special significance, since they are collected openly and with the sanction of the Zamindari administration.

* Note: The Rajahs of Vizianagaram, Bobbili and Korupam were the members of the Legislatures of the Province at the time of passing of the Madras Estates Land Act I. Thus knowing that the Act would be passed, in their estates, it is said, rents were enhanced two-fold in a short period of ten years before passing of the Act, the enhancements being Rs. 0-4-0 per rupee at one time and Rs. 0-2-0 at another. These enhancements were not at all considered by the Act, 1908 as it presumed all the existing rents were fair without caring to examine the previous enhancements, which are contrary to the provision of the Rent Recovery Act.

'Sadalwar', 'maduri kasuri' and 'Nagari' are in vogue in many Chittoor Zamins like Karwetnagar and Tiruttani. In some villages of the Venkatagiri estate, 'araka' mamools at Rs. 0-8-0 for each plough is collected. In the Kalahastri estate, 'meras' are still collected in some parts out of which the salary of the karnams (kulkarnis) is paid. It is said that in the Gangole estate in the name of 'Talari.' 'Massooldar,' watchman, and horse mamool not less than 20 Kunchams of paddy (Madras measures) are collected from the ryot's share on each holding, on each thrashing floor and on every paddy heap considered to yield 8 bags and over.

Another feature of the Zamindaries is the system of compulsory or forced labour, particularly in some of the Eastern estates. Exacting forced labour is of several sorts, which is prevalent mostly in estates adjoining the forests or situated much in interior having no proper roads and means of communication. In such tracts the ryots particularly those who belong to the backward classes have to carry the estate officials without any remuneration or for nothing. The ryots have to effect repairs, even of a major character, for irrigation works with their labour. The Nandigudem Road in the Mungala estate is said to have been constructed by compulsory labour. It is reported that the practice of exacting cumpulsory labour exists even now in Zamindaries like Parlakimidi Saluru, Chintalpudi and Mungala among others.

Some Other Sources of Income

Apart from these, there are a few others which have increased the incomes of the Zamindars and the Zamindaries. Incomes from the home-farms or seri lands is a fat source for many Zamindars. Besides, incomes from waste lands cultivated or reclaimed, occupation of tank beds and communal lands, and incomes from pastures, forests, quarries, mines, markets, etc. are to be reckoned as good income-yielding sources.

Arrears of Rents

In the face of crushing burden of rents, arrears of rents and their accumulation is inevitable. Legally speaking, the Zamindari tenant cannot claim remissions as a right in the face of the worst calamity, as they are dependent on the mercy and the sweet will of the proprietor. Where remission is granted, it is based more as a

personal favour rather than on considerations of equity. In some estates, on the other hand, granting remissions of rents has been used in the past as a weapon to demoralise the ryot. In the Venkatagiri estate the ryots are said to be classified in the good books of the estate officials into two classes, namely the 'obedients' and the 'disobedients' for purposes of remissions. Probably, the 'disobedients' are those who have not voted in the elections according to the directions of the Zamindar. Remissions are regularly given only in those estates administered by the Court of Wards.* It is interesting to note that considerable portion of the arrears constitute amounts involved in litigation of the ryots with the Zamindars. It is common to foreclose lands on account of arrears and appropriate them to the seri lands of the estatedars. But when such foreclosed lands are leased out to ryots, they are not leased out at the former rates but on higher rates or on half varam.

Broadly speaking, the causes of arrears appear to be (a) high rates of rents; (b) absence of remissions; (c) costly expenses of litigation; (d) the practice of crediting payments made for current rents against old arrears in the Huzur Khazana without explaining to the ryots clearly and properly the amounts still due; (e) lack of proper system of issuing individual pattas out of joint pattas after land transfers due to whatever reason; (f) absence of scaling down arrears effectively, when they are found irrecoverable. Rents are not paid regularly and it is largely the case with powerful ryots in recent years. Only the small and weak ryots pay rents regularly and so they are generally the most exploited.

EXPENDITURE OF REVENUES

The Zamindars

Much of the incomes of the estates go towards personal expenditure of the Zamindars especially on city life, foreign travel, building palaces, sport and all sorts of comforts and luxuries and economic

* Cf. When the Court of Wards assumed charge of the management of the estate of Vizianagaram it was found that the arrear demand was a little over Rs. 35 lakhs of which more than half was irrecoverable. The administration was very inefficient. No zamabandi had been conducted for a decade or more and there was nothing like a settled demand for any thana or even for a village. There were heavy liabilities. The balance in the treasuries had dwindled to small sums, the cash on hand in the Huzur treasury being Rs. 0-2-9. Vide Ibid Landholder's statement, Part I.

waste. On account of the election mania some of the Zamindars like Bobbili, Pittapuram and a few others were almost economically crippled and had run over by huge debts. It is true in a few cases some of the Zamindars have been trying to keep up the old traditions of their estates by giving encouragement to art, literature and other cultural activities, the houses of Jeypore, Vizianagaram and Pittapuram are wellknown in this connection. In the name of art, the Zamindars of Mirzapuram and Challapalli have expended large sums on cine studios and all that go with them. Litigation and chivalrous court fights occupy important place in the lives of the Zamindars. It is remarked that except for the litigation the Zamindars have with their tenants, their lives would have been long holidays! The Zamindars and their agents draw the poorest peasants into expensive litigation for recovery of arrears. The huge amounts appropriated for personal expenditure by the Zamindars are not known except for the estates under the Court of Wards.[1] The allowances for members of the family of the estates of Vizianagaram, under the Court of Wards, were about Rs. 4,38,720 annually which was about four times the wages of the staff for collection of revenue and two times the cost of 'maramat' of irrigation works and public buildings, etc., in the estate per year. This was apart from allowances made for other sorts of expenditure as on ceremonies and on guests, home-farm establishments, etc., annually amounting to Rs. 30,000. These charges, of course, do not include items of extraordinary expenditure, for example, large sums were spent on the illness of the late Maharaja, his funeral ceremonies and on the engagement of his eldest daughter!

Encumbrances of the Estates *

Owing to wasteful and imprudent ways of living, some estates are heavily encumbered which may be considered as one of the important points in the future reforms of the abolition of the Zamindaris[2]. Heavy indebtedness is one of the reasons of assumption of the administration of the estates by the Court of Wards. It is said that the estate of Sivapuram, under the Court of Wards, is being proposed to be handed over to the estatedar now, as the Court finds it

1. See statement No. 4.

*See My article on "Abolition of Zamindaris—Chief implications", *Vide* The Modern Review, Calcutta, March 1948.

2. See Statement No. 5.

STATEMENT NO. 4

Showing the allowance to the Ward and other members of the family of the estates under the Court of Wards, as compared with respective amounts of total demand, charges for establishment, marammat and Government Peshkhash.

Districts	Estates	Allowance to the ward and other members of the family Rs.	Land, forest and miscellaneous revenue demand Rs.	Government demand (Peshkash, assessment & taxes) Rs.	Government commission for management Rs.	Establishment charges for management Rs.	Marammat expenditure (on buildings, irrigation works etc.) Rs.
Vizagapatam	Kurupam ...	34,337	1,73,778	31,807	4,076	31,346	21,854
	Vizianagaram (Impartible) ...	422,949	29,16,562	824,807	31,402	323,229	3,74,484
	Vizianagaram (Joint Family Property) ...	6,865	8,544	405,618	4,071	24,065	144
Kistna ...	South Vellur, Part I..	13,345	1,14,401	20,637	2,450	15,805	6.105
Nellore ...	Chundi ...	6,259	44,495	27,761	949	9,706	3,129
Chingleput ...	Wanaparthy ...	...	70,308	29,186	1,544	19,880	8,249
Tanjore ...	Pappanad ...	5,657	38,072	10,877	689	4,662	740
Trichinopoly ...	Murangapuri	22,234	88,683	29,310	1,920	13,984	5,469
Ramnad ...	Ramnad (Ayan) ...	116,818	11,18,050	416,911	11,007	182,801	38,484
Madura	Doddappanaikanur ... (Partible)	11,104	22,141	5,731	830	5,564	1,622
	(Impartible)	2,121	17,903	3,088	816	4,003	26
Tinnevelly	Kadambur ...	5,050	14,006	5,395	343	2,097	1,218
	Singampatti ...	8,037	67,810	12,508	1,740	6,996	3,559
Salem ...	Bagalur ...	12,297	27,936	9,178	664	3,576	592
	Total	6,66,073	47,22,689	18,32,709	62,001	6,47,714	4,65,675

N.B.—Compiled from Report on the administration of the estates under the Court of Wards in the Madras Presidency for year 1939-40.

STATEMENT No. 5

Showing the debts due by the estates under the Court of Wards for the year 1939-40.*

District.	Estates.	Debt as per last year's accounts.	Debts newly contracted.	Debts newly brought to account during the year.	Interest & costs accrued & decreed during the year.	Total.	Debts paid off.	Debts struck off.	Total.	Remainder due by the estates at the end of the year.	Land, forest and miscellaneous revenue demand of the estate.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Vizagapatam	Kurupam ...	74,699	...	...	906	25,605	25,155	...	25,155	450	1,78,778
	Vizianagaram (Impartible).	†19,22,934	201,800	...	114,169	22,38,903	243,748	...	‡243,748	19,95,155	29,16,562
	Vizianagaram (Joint family property).	31,000	...	...	1,860	32,806	1,860	...	1,860	31,000	8,544
Kistna ...	South Velluru, Part I...	65,532	...	90	2,154	67,776	59,069	7,090	66,159	1,617	1,14,401
Nellore ...	Chundi ...	129,715	...	...	...	129,715	...	...	...	129,715	44,495
Chingleput ...	Wanaparthy ...	5,000	...	...	...	5,000	5,000	...	5,000	...	70,808
Tanjore ...	Pappanad ...	46,061	...	...	3,204	49,265	1,320	...	1,320	47,945	88,072
Trichinopoly ...	Murungapuri ...	...	...	...	...	...	...	...	...	...	88,683
Madura ...	Doddappanaikanur ...	3,000	...	...	...	3,000	3,000	...	3,000	...	40,044
Ramnad ...	Ramnad (Ayan) ...	30,58,009	...	14,959	152,113	32,25,082	102,871	...	102,871	31,22,211	11,18,050
Tinnevelly	Kadambur ...	...	...	...	...	...	...	...	...	...	14,006
	Singampatti ...	90,250	...	9,057	5,945	105,252	25,082	...	25,082	80,170	67,810
Salem ...	Bagalur ...	81,623	8,000	...	89	84,712	28,023	6,689	34,712	...	27,936
	Total ...	54,07,823	2,04,800	24,106	280,441	59,17,170	495,128	13,779	508,907	54,08,263	47,22,689

* *Vide* Statement viii, p. 24. Report on the Administration of the estates under the Court of Wards in the Madras Presidency for 1939-40.

† Excludes unpaid bills and arrear claims. ‡ Excludes the balance of temporary advance due to joint family property section.

almost impossible to manage it, for it is so heavily encumbered[1] that the income of the estate may not be sufficient to repay even the interest charges on the encumbrances of the estate. Some estates or considerable part of them are disposed of in lieu of debts. The estates of Chittoor are striking illustrations. As an example, the story of the Karvitnagar Zamindari, Kalahasti in Chittoor district and Polayavanam Zamin in Tanjore district may be mentioned which have been completely or largely liquidated due to debts.

State of Irrigation

The bad condition of irrigation works, absence of construction of new irrigation works and the upkeep of old ones in good condition have been the matter of universal complaint in all the estates. Some of the big tanks constructed at the early period of ancient Hindu rule commanding 1,000 to 5,000 acres of land are only in a sad and neglected condition at present. About 50% of the old constructions have been rendered out of use and only about 25% of them may be hardly said to be in good order. The nature of repairs needed generally in the estates may be summed up as follows. Many of the tanks have no feeder channels, or the channels provided for the purpose have become narrow, or closed up, or in need of masonary dams. Due to lack of proper arrangements to allow the surplus water to pass away, the bunds of tanks are in breached condition and the tanks silted up. The tenants are not allowed to dig earth and clear off the silt without the Zamindar's permission, and, in fact, some of the tank beds are leased away for purposes of cultivation. Many tanks for which water supply is scarce have no sluices and field channels, and, in some cases where they exist, they are in disorder. A few cases in which repairs are taken up by the Zamindars are those taken up on the compulsion of the Government, for instance when they are considered to affect the Railway lines. Where irrigation works are jointly owned by the Government and the estate, the part of looking to the maintenance of the works appears to be nobody's concern. In fact the sad condition of irrigation works is the result of inadequate resources of the Zamindars, a good number of them being not so big as to be capable of constructing new works with a long range view of things according to a sound agricultural policy. Soon after the Permanent Settlement, the irrigation sources were badly neglected, though

1. See Administration Report of Sivapuram estate for Fasli 1854 (1944-46). (typed copy).

some effort was made in some parts to revive them subsequently. It is suggested in some quarters, if the matter of irrigation works, their construction, maintenance and repairs in the Zamindaries is placed under direct control and supervision of the Government, the situation would be improved with regard to irrigation even without abolishing the estates. This is not only theoretically unsound but practically difficult, as one can judge from the experience in the past and also in view of the economic needs of society in the immediate future.

Facilities for Rural Credit and Improvement in Agriculture

No improvements in agriculture worth the name either in the line of technology nor by way of rural public services for amelioration of the condition of the agrarian masses are found in the Zamindaries. The development of the co-operative movement in the estates is very little when compared with the ryotwari areas. The Co-operative Land Mortgage Banks cannot advance loans on lands in the Zamindaris owing to the peculiar conditions in the estates, as the insecure rights of tenants, difficulties of obtaining patta transfers and correct certificate of encumbrances, etc. The case of petty inamdars or inamdari ryots is still more helpless as the Land Mortgage Banks have refused many a time to advance loans on security of such lands. Thus the Zamin and Inam ryots are deprived of deriving benefit of long term credit from the Land Mortgage Banks. So is the case with the Takkavi loans under the Agricultural Improvement Act or the Agricultural Loans Act administered in the ryotwari areas. Nor are there any efficient parallel agencies developed and maintained for the purpose by the Zamindars. It is commonly agreed that the growth of improved varieties of crops or use of improved implements, application of manures, and breeding of livestock in the estates are comparatively much lower in the estates due to the extreme poverty and lack of adequate facilities. Under such conditions no substantial improvement of any sort is possible.

Economic Progress

The sight of some villages in the Zamindaries may drive one to think that they must not have progressed since the middle ages. They are the symbols of extreme misery and poverty of the peasantry and general backwardness. Having no schools the denizens are illiterate. Having no roads and railways, the villages are secluded. Having no

medical and legal aid and means of livelihood, they are entirely at the mercy of their Zamindars for petty favours and security of life and property. Thus the Zamin villages and the villagers present a spectacle of misery and abject poverty and the degradation into which they have been placed.

The Zamin Ryot

It is needless to emphasise the appalling wretchedness and poverty which characterise the economic condition of the Zamin ryots. Mr. Ayyangar in his memorandum on the progress of Madras Presidency points out that the condition of the Zamindari ryots who form about one-fourth of the population of the Province was not improved to the extent of the condition of the Government ryots. "Before the commencement of the present century the ryots in the Zamindari tracts, as well as the ryots who paid revenue direct to Government, were rack-rented and oppressed. During the last 90 years, however, the latter class of ryots prospered in consequence of the measures adopted from time to time for amelioration of their condition. . . while the former have remained in most part of the country in much the same condition as before[1]." In the southern districts and in those estates where the occupancy rights have been all along granted to the ryots, the ryots hold their own and often defy the Zamindars. In the northern districts the ryots are in a miserable condition and the Zamindars have their own way in everything. There is abundant testimony to this effect. The Zamindars, with few exceptions, are "the most grasping landlords and the least enlightened proprietors in the world." As already seen, some of them take 50 per cent. of the crops and leave out nothing in improving or in maintaining irrigation works. They lease their villages to middlemen or the Izaradars, and the under-tenants are consequently deprived of all chances of being prosperous and are little better than serfs of the Zamindars. The bulk of the ryots in the Zamindari estates would hail with joy any measure aimed at expropriation of the estates and settlement under the ryotwari system.

It is a matter of common knowledge that the Zamin ryot is poorer than the Government ryot, the reason being the difference in

1. Memorandum on the Progress of the Madras Presidency during the last forty years of British Administration by S. Srinivasa Raghavaingar, 1893. Chapter II, pp. 217-18.

assessment rates and in administration. A good number of estates are not surveyed either by Government or by private agency and no proper settlement operations have been carried out. The Zamindars are seldom in favour of separating liabilities and issue of individual pattas which has led many a time to sale or distraint of properties of innocent ryots for payment of rent or recovery of arrears of some other joint pattadars. The separating of joint pattas is said to be a powerful weapon in the hands of the Zamindari administration to crush or put down any disobedient ryot. It was estimated in the year 1933 by the Economic Enquiry Committee appointed by the Second Andhra Zamindari Conference that the minimum cost of maintenance, clothing and conventional necessities of an average peasant's family consisting of 5 members would be Rs. 156-8-0 per annum. But actually a ryot's family had only an annual income of Rs. 50, and if we would take into account all the sundry earnings got from coolie labour, etc., the total income might be placed at about Rs. 100. Obviously the deficit of Rs. 56-8-0 (Rs. 156-8-0 minus Rs. 100) was made up by under-feeding, under-clothing and other severe privations[1]. The consequences of all these are growth of poverty and want, mal-utilisation of land resources and general backwardness of the areas under the estates in the province. It is no wonder then that the people complain in the estates like Venkatagiri that their villages are being deserted by a large number of hardy peasants because they have found it impossible to eke out a living out of farming under the Zamindars. The institution of the Zamindaries is thus rotten to the very core which does not leave any scope for mending rather than ending it. The sooner they are abolished the better for all concerned!

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1. Economic Conditions of the Zamindari Ryots, being the report of the Economic Enquiry Committee, 1933 by Prof. N. G. Ranga and others, Ch. vi, p. 45.

CHAPTER VI

LAND TRANSFERS IN THE RYOTWARI AREA

SECTION I

Importance

The one outstanding feature that marks the Indian agrarian economy is its chronic poverty and rural indebtedness. The chief cause of indebtedness is the inadequacy of farm incomes from husbandry owing to a variety of factors like the small size of holdings, frequent failures of crops, inefficient methods of cultivation, defective systems of rural credit, marketing, tenancy and so on. When a ryot contracts a loan, he may pay it off in subsequent years provided that the rains are in time, the harvests are good and prices reasonable. Otherwise, the debt swells up and multiplies itself in volume year after year. If fresh sums are borrowed in the lean years for family maintenance, purchase of cattle, seed, etc., they only add to the mounting debt. Such debt generally results in loss of property or becomes a mortgage debt. Mortgages may end in sales. Thus one potent effect of indebtedness is frequent changes in the ownership of land or land transfers.[1] Large tracts of land had already changed hands during the years of the great depression of the nineteen thirties and in its wake from the cultivating ryots to the non-cultivating money-lenders, agricultural or professional.[2] Again, during the period of the Second World War, it is observed that considerable extents of land were acquired by the trading classes and the big land-owners, to whichever caste they may belong, the Vaishya, the Chettiar, the Brahmin, the Kamma or the Reddi. The problem of tenancy has been rendered more acute owing to leasing out lands by

1. Cf. It was observed about Mahad taluka (Kolaba district) as early as 1894 that a great deal of land had passed away from the original holders to sowkars and capitalists who own the land at present. Vide Revision Settlement Report, Mahad taluka, Kolaba district, Bombay Province, 1904.

2. Cf. It was found by Settlement Officer of Chorasi taluka (Surat district) that there was a gradual increase in areas owned by non-agriculturists (vide 2nd Revision Settlement Report, Chorasi taluka, Surat district, 1932).

many of these people. And due to concentration of land, the economic mal-adjustment has been intensified.

Chief Causes

The causes leading to transfers in the ownership of land fall into three broad divisions: one, changes of land ownership due to sales, pure and simple, two, changes of land—ownership due to sales arising out of debts or foreclosures on mortgage debts; and three, land transfers due to gifts, exchange of plots and bequeathal. The first two sets of causes call for a more detailed consideration, as they are more frequent and no adequate study has been made so far in that sector of economic investigation.

General Trends of Transactions of Gifts, Sales and Mortgages

A close scrutiny of the statistics regarding gifts, sales, mortgages and bonds registered by the Registration Department during the last twenty years in the province as given in the Statement No. 1 indicates a steady rise both in case of gifts and sales during the years 1926-1929 and thereafter a marked drop in the next two years. In the course of four years (1932-1936), there were some slight deviations in both; however, there was a steep upward trend in the year 1937. Later on, the rise was remarkable which reached its peak in the year 1943. The years 1931 and 1943 may be noted as the two distinct marks recording the lowest and the highest figures registered regarding gifts and sales during the last two decenniums indicating the powerful influence of prices of agricultural produce on the activity in the different sectors Mortgages were found dropping steadily during 1927 33. Similarly bonds were declining from 1927-33, except a sudden and temporary leap upwards in the year 1930. The downward trend had been continuous in case of bonds marking the lowest figures in the years 1938 and 1943. As for mortgages there had been a progressive rise both in number and value till 1943, except a sudden drop in the year 1936. Again a sudden decline has set in the year 1944 in all the three categories with the exception of bonds.

Causes of Fluctuations

These fluctuations year after year in the volume of different transactions were obviously due to fluctuations in the money market and in prices, as well as many other factors in those years corresponding to the prevailing economic conditions. A brief analysis of the causes of these chief trends may be of some value. During the

STATEMENT NO. 1

***Statement** showing the number and aggregate value of transactions in the Madras Presidency about gifts, sales and mortgages relating to immovable property, and bonds relating to movable property during the years* 1925-1945.

Year.	Gifts.		Sales.		Instruments of Mortgage.		Bonds.	
	Number of transactions	Aggregate value (in Rupees).	Number of transactions	Aggregate value (in Rupees).	Number of transactions.	Aggregate value (in Rupees).	Number of transactions	Aggregate value (in Rupees).
1926	19,726	1,53 08,939	5,89,702	28,84,35,392	494,227	19,71,02,316	29,857	2,46,06,099
1927	20,295	1,63,17,938	6,25,321	31,69,90,603	525,747	20,56,72,478	38,952	3,99,07 501
1928	21,634	1,67,63,098	6,43,268	32,63,60,591	510,974	19,87,43,259	32,255	3,43,26,954
1929	21,807	1,73,34 310	6,49,499	32,44,12,602	485,850	19,65,66,096	31,368	3,17,12,924
1930	20,732	1,65,79,881	5,81,438	29,00,09,465	444,182	18,93,04,547	33,150	3,99,39,681
1931	18,749	1,81,07,972	5,03,736	24,59,67,009	389,487	17,69,89,913	26,651	2,01,18,932
1932	22,537	1,42,99,530	6 23,080	28,04,00,364	418,235	17,68,50,031	21,051	1,00,89,682
1933	22 172	1,32,80,127	5,95,661	25,61,06,946	388,582	15,84,35,523	19,549	93,71,427
1934	22,555	1,22,96,750	6,16,938	24,62,85,541	331,527	15,08,89,082	17,105	87,75,070
1935	23,249	1,31,43,612	6,81,960	24,32,84,648	397,699	14,72,78,474	17,210	98,67,765
1936	22,859	1,29,86,451	6,11,746	23,90,87,003	391,796	14,58,55 621	16 988	97,56,361
1937	24,919	1,45,87,770	6,63,290	23,87,85,075	409,725	13,95,23,978	13,735	99,30,216
1938	24,640	1,40,39,195	6,13,569	21,23,69,428	347,656	12,23,43,872	13 007	96,84,618
1939	25 356	1,46,64,296	6,21,660	21,11,12,815	363,590	11,95,84,801	13,865	98,34,359
1940	27,836	1,66,32,475	7,08,867	24,32,85,376	387,869	12,18,60,743	11,604	70,65,294
1941	29,430	1,80,70,666	7,40,393	26,30,01,593	402,942	12,59,06,797	11,788	75,23,529
1942	31,300	1,96,89,581	9,04,842	36,67,78,726	480,166	15,05,89,809	11,648	74,54,709
1943	33 590	2,42,94,664	10.36,936	48,47,96,069	525,057	17,77,69,952	11,014	67,16,469
1944	32,225	2,32,62,345	8,09,112	40,08,62,396	440,270	16,23,26,873	11,602	75,62,755
1945	33,458	2,60,71,970	7,88,493	41,84,84,590	441,572	17,64,44,183	13,807	94,39,092

Note :—These statistics are likely to include the number of transactions and aggregate values of properties other than or in addition to arable land like house sites, buildings etc., though they may not constitute a very large percentage to the total figures in each year.

first four years the general rise might be on account of partial recovery from trade depression following the war boom of the World War I. But there was a sudden reverse which was most marked in the year 1931, owing to the severe effects of the depression. Prices of staple products in various districts fell considerably and consequently the value of land was much depreciated. The creditors were not able to realize their money, nor could they dare to advance fresh loans. The figures clearly indicate that the fresh borrowings in the depression period were less than before the depression, and every year within that period the amount borrowed was found decreasing. The debtors, on their part, could not find many buyers for their properties to clear off debts. In fact, legitimate sales of land declined to a very low pitch during the depression owing to the remarkable drop in land values. Hence, the number of transactions were small and mostly restricted to cases of purchases by creditors of properties belonging to their debtors to clear off old transactions.[1] There was also a tendency during this period for conversion of unsecured debts into secured debts due to pressure of money-lenders. It could be seen that during the period of the depression fresh mortgages too were noticed steadily declining pointing out that the agriculturist along with others found it hard to obtain credit. These observations were borne out by the fact that during the triennium ending 1931 (the first phase of depression in India) sales fell by 3.4 % and mortgages by 13.7 %. It may be interesting to note that within that period, nevertheless, gifts of movable property rose by 9.11 %, perhaps due to the tendency of debtors to transfer at least their movable property by way of gifts to the near and reliable ones to escape complete ruin from the clutches of their creditors.

1. *Note.*—Answers received from Revenue Commissioners of about 2,500 villages in the U. P. in reply to the questionnaire issued by the Revenue Secretary on rural debt consequent on the effects of depression reveal interesting points. Owing to fall in prices, credit was contracted, the value of land depreciated and the confidence of money lenders in the solvency of the agriculturists was shaken Hence no loans could be advanced without registering bonds and without security of land, the extent demanded as Security raised two times the pre-depression period. Though the buyers for land were become scarce, the moneylenders who advanced loans on mortgage were compelled to buy lands from their debtors, although many preferred not to foreclose lands, since a usufructuary mortgage was a good "lock-up investment". The purchasers of land were mainly Vaisyas, Brahmins, Jats from Takurs, Rajputs and Muslim debtors.

In the severe depression period of 1932-36 in the province, the chief tendencies in the behaviour of gifts, sales and mortgages were, broadly speaking, similar. Towards the end of the period there was a slight improvement in the situation in all the spheres of activity. The fact that there was larger percentage of increase under 'sales' than under 'mortgages' might be explained that the increase in sales was not so much due to increased prosperity in the years and consequent investment in land but due to the pressure of creditors on their debtors which forced them to sell away lands finally for payment of debts[1].

The trends in the year 1938 and 1939 have some special significance. In the year 1938, mortgages fell steeply by 15.15% and it might be ascribed to reluctance of the money-lending classes to advance loans in lieu of the introduction of the Madras Agriculturist's Act, 1938 Increase in the number of sales in the year 1939 especially in the three Ceded Districts of Bellary, Kurnool and Anantpur was striking owing to the working of the Madras Debt Conciliation Act, 1936 and the Madras Agriculturist's Relief Act. There was also a striking rise in the number of sales in the districts of Malabar and South Kanara largely as a result of the banking crash (e. g., The Travancore National & Quilon Bank) driving people to invest money in immovable property due to loss of confidence in banking concerns, whereas the reason for increase of 4.58% under mortgages in the province may be sought in the renewal of mortgages favoured by creditors to avoid scaling down of old debts under the Agriculturist's Debt Relief Act.

Finally, there has been an enormous rise in all transactions since the outbreak of war. The year 1943 was a record year for registrations, the total volume of all transactions increasing by 31.85%. There was a steep rise in sales by 38.32%, in mortgages by 28.12%, and in gifts by 21.18%. The soaring up of prices due to inflation and war conditions, the large profits made by big contractors, traders and the landowners, influx of refugees, some with money from Burma and Malaya, and, above all, the background of a feeling of insecurity in currency and alternate forms of investments, etc.—all were responsible for the abnormal increase in the volume of sales in the year 1943. The attractive high land values offered and the anxiety

1. The Administration Report of the Registration Department, Madras, 1937.

of debtors for paying off their debts by sales may also be held as an additional factor for the land boom reaching its peak in 1943. The increase was considerable in all the districts. In Palamcottah, Tinnevelly and Ramnad the increase was reported to be due to investing of moneys in landed and immovable property by some of the evacuees from Burma, Ceylon and Malaya.

It is curious that suddenly a general trend of steep fall was noticed after 1943; sales fell by 21.98% mortgages by 16.15% and gifts by 4.06%. The fall was great in the twelve districts of the South and North Arcots, Chittoor, Coimbatore, the East and West Godavaris, Kistna, Guntur, South Kanara, Chingleput, Madura and Salem. What was it due to? An explanation may be found in the following reasons: (i) the danger of an immediate Japanese invasion passed off and confidence in the minds of the people was reinstated. People have come to realize increasingly that investment of money in immovable properties may not be materially advantageous in the long run as prices may go down after war. (ii) Measures to curb the inflationary trends were thought of, though in a niggardly way, and to some extent a part of surplus money was diverted into other channels like investments in the war bonds, National Savings Certificates, etc (iii) Prevailing high prices of land in a framework of an expected fall in the near future and above all (iv) the reluctance of landholders to part with their lands.

Nature of Transfers

The above discussion incidentally throws light on the nature of each of the three sets of causes of land-transfers. In the first place, both the number and aggregate value of transactions of 'sales' are greater than those of 'mortgages' which in turn exceed many times the corresponding figures under 'Gifts'. The transfers due to sales are not only more but they are also more frequent. Further, the figures given for mortgage debt and bonds held a potential danger for foreclosures of mortgaged land or sales of land, partly or wholly due to debts, should the borrowers could not clear off the outstanding encumbrances by other means. Third, transfers due to gifts in many cases are uneconomic and may result in growth of tenancy or inefficient cultivation. This may be specially the case, if gifts of agricultural land are made by a cultivating ryot for instance gifts of land made to individuals or institutions for religious and charitable

purposes or on ceremonious occasions as in a marriage to either a daughter or son-in-law or both. Fourth, transfers in the land-ownership due to inheritance usually take place once in every generation. Hence, the period of such transactions extends to long intervals of time, unless cases of partition of landed property in a joint family occur; whereas transfers are possible due to gifts, sales and foreclosures for debts at small intervals. Where speculation in land exists, instances are not uncommon, when plots of land are noticed changing hands with considerable 'frequency' within a short period. Again, transfers due to inheritance may be considered in a way less significant (except that they may lead to sub-division which may intensify fragmentation of holdings) from the point of view of efficiency of agricultural production, as they take place within the same groups of cultivating or non-cultivating families. While transfers due to sales, indebtedness, etc. may and do often transfer land to the less efficient landowners.

From one angle, land transfers may not be branded always as an evil. For, in cases when transfers in the ownership of land result in land being transferred from the less efficient to the more efficient or from the non-cultivating to the cultivating or from the big landowner to a small diligent ryot, such changes are clearly for the benefit of agriculture. But as it generally happens, land passes from the cultivators and small holders to the professional money-lenders trading classes or big land-lords who usually lease out the lands. In this way, land has been frequently changing hands in every twenty years; at any rate in certain regions most of the land has changed hands during the last thirty or forty years. Thus tenancy increases and tenant-farming is generally not noted for good agriculture. That this is a social evil cannot *a priori* be refuted.

SECTION II

Sales of Land *

Some of the broad conclusions concerning the question of land sales may be stated as follows:—

Features of land sales: In the first place, the number of sales of land on the average is, broadly speaking, higher in the deltaic and

* See. My Monograph, " Land Sales and Land Values, Madras 1949, for a detailed discussion of the problem.

in settled regions like the fertile irrigated tracts of the Northern circars and the lands of the Cauvery delta, than in the upland tracts. Even in the dry tracts, the number of transactions relating to wet lands or lands irrigated by well or tank usually exceed the number of sales in purely dry lands, depending entirely on rain water for cultivation. Secondly, owing to lack of proper survey and settlement operations of fields, existence of joint pattas and difficulty of patta transfers and other handicaps of the landholder or the occupancy land-holders, the value and the volume of transactions of land sales and mortages in the Zamindaris are generally small[1], as compared to the ryotwari areas. Thirdly, for the same reasons the frequency with which each survey number or plot of land which is changing hands, is found greater in the deltaic and well-settled lands than in case of poor dry soils or in the proprietory estates. An element of speculation in land values is increasingly pronounced in some of these tracts.

In the districts of Malabar and South Kanara land is seldom sold outright and no statistics about sale-prices of land are available in these districts. The Janmi considers it below his traditional honour to part with the 'janmam' title in land. Therefore, a system of complicated sub-tenures has developed. Accordingly, the Janmi can obtain money without selling land and is able gradually to divest himself of his rights in the soil, while still retaining the title of Janmi. Another difficulty arises from the fact that the values of land are not easily obtainable. In the first place, when a final sale of land takes place the price realised for the land is but a small fraction of its real value and the only means of ascertaining that value would be to institute a laborious enquiry into the previous encumbrances on the land. Moreover, the areas in sale deeds are still expressed in the old measurements and are in consequence greatly wanting in accuracy.

Size of the Lands Sold : The size of each sale is significant. The size is smaller in the wet areas than in the dry and similarly in the dry lands under well-settled regions as compared to dry lands of Ceded Districts or Agency tracts. This fact is greatly significant for

1. Money-lenders were generally afraid to lend on mortgages owing to the rights of Zamindars to eject the tenants for non-payment of rent and the absence of proper survey of lands. Consequently the rates of interest charged were usually high due to lack of adequate credit facilities.

intensified fragmentation of holdings in the wet and deltaic tracts. On the other hand, it may be often true that extreme fragmentation is one of the causes of bringing land frequently into the market.[1]

Causes of Sales : At times the causes are perhaps as many as they are chief needs for money such as payment of debt, redemption of land from mortgage debt, agricultural expenses as purchase of livestock, etc., land improvement, purchase of land or a house, maintenance of family, expenses on marriages and other ceremonies and payment of land revenue and arrears of rent. To these may be added other causes, *viz.*, higher education of children, litigation, investment in business or for construction of buildings to let, attractive land prices and speculation in land, migration or emigration. The possible introduction of tenancy legislation in the province and the strained relations existing between landlords and tenants are also reported to be the causes of some sales by the trading and professional classes who seem to prefer investment of their funds in other sources as buildings, house sites, shops or godowns in towns and cities with a view to let out.

The chief reasons specified by the executants or vendors in some of the sale deeds examined[2] in the Sub-Registration offices may be classified as follows: (i) payment of debts (ii), family maintenance (iii), redemption of land from mortgage debt (iv), payment of rent, land revenue and takkavi loans and (v), expenses for cultivation. Out of these the first two are noticed to be outstanding ones in many villages. Sales due to payment of arrears of rents and mortgage debt also are not uncommon, where lands are rack-rented under fixed-tenancy system in the deltaic regions. The other causes like expenses of cultivation, land improvement and purchase of lands are not insignificant, as far as the small ryots are concerned who constitute the bulk of the ryot population. It may be noted that in a good number of cases, no reasons for sales are stated. Usually there will

1. *Cf.* The effect of fragmentation is mitigated by certain influences which bring land constantly into the market with the result that there are frequently opportunities for a ryot to buy the adjoining bits of land necessary to improve his holding. vide: The Provincial Banking Enquiry Report, Madras, 1930, Vol. I, P. 19.

2. *Cf.* The Proceedings of the Inspector-General of Registration No. 176 dated 17-4-1946 and *vide* G. O. No. 17—S. 819 of the Government of Madras, Revenue Department dated 16-4-1946.

be a number of factors forcing a person to dispose of his land and of these perhaps only the most important one or two reasons are given. Sometimes, the real case is suppressed altogether and fictitious reasons are given instead.

Chief Trends of Sales: The chief trends of land sales (during 1930-45) in the villages[1] investigated may be summed up asunder: Classified according to (a) occupation (b), caste (c), economic position and (d), different economic and residential groups.

(*a*) The bulk of the transactions have taken place among the agriculturists themselves. Lands held by the agricultural labourers, the artisan classes and also people holding petty employments are being lost to others. Among the artisan classes the goldsmith, the carpenter and the blacksmith who usually maintain a higher standard of living constitue the bulk of artisans who are losing lands, while the weaver, the oil-crusher and the barber are relatively acquiring more land than what they are losing. On the balance, it appears that the number of cases where washermen are losing are less than the number in which they are acquiring lands. The potter, it may be said, is gradually going to the wall. The sowcars, the trading and business people, who are found at present among many castes, are acquiring lands at a rate which is found more than double the rate at which they are disposing of their lands.

(*b*) Expressed in terms of caste, land has been rapidly passing from the *Brahmins*, the *Artisans* and the *Harijans*. A similar tendency is also apparent among the *Sethibalijas*. The *Reddis* and *Telagas* are also losing land in the districts where their population is sparse, while the *Reddis* and *Gouds* in Nellore and Ceded Districts (where they are big landlords), they are, however, acquiring more and more land. Among the *Kammas* and *Kapus* or *Telagas*, the latter are gradually losing their importance as landholders, and the *Kammas* are seen more and more enterprising in acquisition of land and of late in business enterprise. Where the population of these two castes are more or less balanced, this tendency is clearly evident. *Kshatriyas* are not usually found as landowning community except in some

1. The villages investigated were: Vedangi (Narsapuram taluka), Tadepalle (Tadepalligudem taluka), Mandur (Tenali taluka), Tamballapalle (Madanapalle taluka), Totawada (Palkonda taluka) and Sankili (Bobbili estate). See "Land Sales and Land values," Ibid.

villages in a few talukas of the West and the East Godavari districts. At any rate, they seem to hold what they own. Some of the hard-working labour castes peculiar to many of the localities, for example, the *Upparis* in Mandur village, the *Kurvas* in Tamballapalle, and the *Yenadi Velamas* in Sankili village as well as the *Gollas* appear to be helping themselves with a few bits of acquiring land. Otherwise, broadly speaking, the depressed classes as a whole like the *Harijans* are being systematically robbed of the small properties of their land. The two communities which are as though racing with each other to acquire land are the *Vaisyas*, the *Kammas* and in some places the *Reddis* or the *Gouds*. Even such hardworking men like the *Turpu Kapus* are seen losing land in the Totawada village, though their condition is somewhat better in the neighbouring Sankili village.

(*c*) The labour class, the small ryots and the persons engaged in employment or profession are rapidly parting with their lands. The trend is more marked in the last class. However, the land owned by the well-placed professionals is not entering into the land market considerably. Lands held by petty salaried like the village teachers and clerks in shops or public or private offices or the inam lands of the Purohits and the Pujaris are being disposed of frequently. On the other hand, land is passing more and more into the hands of the big ryots and the big businessmen. A few fortunate middle-class ryots (hardworking and enterprising) instead of being expropriated by the richer classes are also found acquiring land to some extent. The persons who are heading from bad to worse are the petty employees and the agricultural labourers, preceding only the small ryots.

(*d*) From the view-point of residence of the sellers and buyers, it is seen in many cases land is passing from the residential to the non-residential pattadars, staying in the neighbouring villages and towns or distant places while in a few cases due to special characteristics of landownership (*e.g.*, villages of Totawada and Tamballapalle) no marked changes in ownership of land are noticed, while in some progressing villages the residential pattadars are able to acquire land from the non-residential non-cultivating pattadars. However, these observations have to be examined in the light of the areas held by the pattadars, residential and non-residential, in a particular village, to form an accurate opinion about the extent of vested interests in land belonging to outside villages and its effect on efficiency of agriculture, tenancy situation, the village solidarity and prosperity of the agrarian masses.

An attempt is also made to study the trends of land sales to know whether land is passing within the same groups (*e.g.*, of labourers, small ryots, middle class ryots or businessmen, big ryots, big businessmen or persons of large incomes from professions, etc.) and the results are presented in the table below.

The bulk of the transactions are by and between the small ryots and middle class ryots or businessmen. The petty professional and salaried classes as well as the agricultural class do not figure largely in the picture. When sales of land take place among them, lands are sold not usually to persons in the same occupation and economic status but to parties engaged in otheroccupations like business or cultivation. The most striking feature is that the rate at which land is passing off from the groups of small economic status to those of big economic standing is almost in the aggregate more than twice the rate at which land is passing off in the opposite direction, namely, from the big to the small. The pace of expropriation of the smaller groups by the bigger is about five times in case of Tamballapalle village. Thus the small owners are bought up by the comparatively bigger people, and this process of "swallowing up" is found to be the common phenomenon in many parts of the province.

*Speculative Tendencies in Land Values and Tenancy:** When prices of land begin to rise rapidly, naturally the land-owners have the tendency to hold their lands or postpone sales in order to realise the full benefit of increase in land prices. As long as a lessor landholder is holding his land either primarily or incidentally for the sake of disposing it at a high price, he will be reluctant either to rent out his farm on a long term lease or to make any positive agreement with regard to renewal of an existing lease from year to year, because he must be in a position to dispose of the farm at short notice when an attractive price is offered for it. In such a case, improvements made by the owner on his land add to the sale value of land, while those effected by a tenant add nothing to his financial interest as long as there is no security of his stay on the farm. In fact one of the reasons for insisting on short-term leases during war years may be partly attributed to the fear of the owners about the loss of the speculative element in farm values, although sometimes a stipulation is made in the province in lease deeds stating that

* See. My paper on "Land values in the Madras Province", *vide* the Journal of the Bombay University, vol. xvi, Part 4, January, 1948, p. 36.

TABLE NO. 2

Showing the broad trends of land sales according to economic position and residence during 1930-45.*

Village.	Number of sales.	Number of transactions involved.											
		According to economic groups.								According to residence.			
		Within the same groups.						Among unequal groups.					
		Labourers.	Small ryots.	Middle class ryots or businessmen.	Big ryots	Big businessmen.	Persons of large professional incomes.	From small to big.	From big to small.	Among residents.	Among non-residents.	Between residents to non-residents.	Between non-residents to residents.
1. Vedangi ...	484	3	199	22	4	9	...	169	78	339	37	65	48
2. Tadepalle ...	471	4	165	38	21	6	...	163	79	300	63	57	61
3. Mandur ...	394	4	181	20	4	1	...	126	58	240	37	88	79
4. Tamballapalle ...	174	11	54	7	6	...	...	80	16	146	8	11	9
5. Totavada ...	118	...	68	...	10	2	...	25	13	77	10	15	16
6. Sankili (Z) ...	122	1	59	1	...	...	...	36	25	68	15	15	29
Total ...	1,763	23	726	83	45	18	...	599	269	1,165	170	201	227

* Cf. Also, my paper on Economic Consequences of Inflation on Agrarian Economy: With Special Reference to Financial Structure of Agriculture. *vide* Journal of the Bombay University, vol. XVII, Part 4, January, 1949, p. 34, table 7.

the lease may be considered to have become null and void if the rented farm is sold away during the lease period. Thus the speculative element in farm values, consequent on a rapid increase in their values is directly responsible for tenancy and its growth inasmuch as high prices of land and the unwillingness of holders to sell their lands readily render it difficult for many an enterprising and hard-working tenant to acquire lands and become substantial landholders, while at the other end, high land values transform many a landholder partly into farmers and partly into speculators and render conditions of duration of leases uncertain [1]. This speculative element will exist and persist in all probability so long as land values are rising. It may be expected, when prices decline, the chances of speculation for profit be less and the landlord will be a pure farmer and not partly a farmer and partly a speculator. But since the supply of desirable land is limited, even with the decline in prices the value of lands may not decline to the same extent.

SECTION III

Mortgage Foreclosures

Advancing of Loans and Chief Types of Mortgages: Loans are usually advanced on personal credit, on a pro-note, on executing a bond, on collateral security by sureties, pledges of jewels, hypothecation of crops, etc., as well as on mortgages of landed and immovable properties, registered or unregistered. In truth, these variations in the forms of advancing may matter very little to an astute money-lender who knows the art of making the best out of a bad bargain. Instances are not uncommon, when large sums amounting to several thousands are advanced merely on personal credit of an individual, while mortgage of land is made conditional even for a petty loan of say Rs. 50. In other words, before advancing a loan, the creditor carefully takes into account all the circumstances of each case.

The forms of mortgages registered in the province are chiefly of three kinds, *viz.*, simple mortgage (*Asvatheenapu Tanakha*), usufructuary mortgage (*Swadheenapu Tanakha*) and mortgage with a conditional sale (*Avadhi Vikrayam*). Besides, as it was already discussed in Chapter 3, there are different types of usufructuary mortgages

1. Cf. Farm Tenancy in the U.S.A., by Department of Commerce (census monograph iv), 1924, ch. vii, pp. 67-69.

characteristic of the tenures of *konam* and *mule* of Malabar and South Kanara.

Simple mortgage is the ordinary mortgage without possession, where land is simply held as security against the loan advanced and the land may be foreclosed to the extent of the value of the debt outstanding, if the mortgage debt could not be paid by the mortgagor. The usufructuary mortgage is one where the mortgagor delivers possession of mortgaged land to the creditor authorising him to retain such possession and to receive rents and profits of land in lieu of interest and towards payment of the principal till the debt is cleared, a fixed period of time usually being mentioned. After the clearance of debt, the land shall be handed over to the mortgagor in good condition without causing damage to the soil during the possession of the creditor. Lastly, *Avadhivikrayam* resembles an old type of mortgage obtained in Bengal, which amounts to a sort of conditional sale, whereby if the amount taken by the debtor were not cleared by a certain date, it should be presumed to have been sold to the creditor for no further consideration.

The number of secured (registered) mortgages and their aggregate value for the last 15 years are already given in Table No. 1 and their general trends traced. It may be seen from the table that the total number of mortgages registered in the year 1945 was 4,41,527 and their amount Rs. 1,764.5 lakhs. Out of the total sum, a large bulk of the amount must have been lent by the agriculturist money-lender and his rivals, the merchants, the businessmen and professional money-lender. An agriculturist mortgagee, sometimes, holds out a more potential danger than a mortgagee who is a merchant, professional money-lender or a professional, inasmuch as the former covets the ultimate foreclosure of the mortgaged land greater than the latter, as the latter have to lease out the land probably to the same ryot even when they could succeed in taking over the mortgaged land. In the last analysis, as Mr. Darling pithily remarks, in fact, there is little to choose between the agricultural money-lender and his professional rival; the one is as harsh as the other is astute and the pernicious influence of both is threatening to stifle down the whole industry of farming to its very foundations.

Classification of Mortgage Loans According to Amounts and Extents Mortgaged: The amounts advanced by the Co-operative Land

Mortgage Banks and under the takkavi loans by the Government represent a small percentage to the total mortgage debt of the Province. Table No. 3 shows classification of loans according to amounts advanced by the Madras Central Land Mortgage Bank during the last decade and half. Table No. 4 indicates an analysis of the extents mortgaged under the various area-groups for a few land mortgage banks in the Province [1]

From a scrutiny of the contents of the tables, it is evident that the loans granted by the Central Mortgage Bank are beyond the reach of the ordinary small landholders who constitute the bulk of the ryot population of the presidency, and the proportionate benefit derived from the co-operative mortgage credit by the petty land-owner barring naturally the number of tenants, is far less than that accorded to the big, the middle class, and the upper middle class pattadars. It may be seen (table No. 3) that the total number and value of loans made in the lower amounts are much smaller than the percentages of amounts advanced in group Rs. 5,000 and over, and between Rs. 1,000 and Rs. 3,000[2]. The importance of appreciating the need of the small holder for help from the mortgage banks was recognised by the recent Madras Committee on co-operation who have recommended for advancing mortgage loans smaller than the amount of Rs. 500 and also to encourage disbursement of loans in the groups of smaller values in view of the fact that according to the Agriculturist's Loans (Amendment) Act 1935, the minimum limit for granting loans was fixed at Rs. 100. As a matter of fact, there are too many insolvent landowners and landless tenants left out, to whom land mortgage banks are of little or no avail. A moderate suggestion where the co-operative land mortgage banks might be of some help to them would be the system of advancing loans on the hypothecation of crops and payment of residual sums to the ryots concerned after recovery of loans from the sale proceeds of the harvests, pooled in

1. See: The Co-operative Land Mortgage Banks in Madras by Syed Sha Ali Hussein, 1941, Appendices.

2. In the year 1939-40 out of the total amount of loans of Rs. 42,81,940 disbursed by the Central Bank about Rs. 7,34,150 constitute loans between Rs. 5,000 and Rs. 10,000, while a sum of Rs. 1,70,000 relate to loans over Rs. 10,000. Again in the year 1944-45, about Rs. 5,11,150 disbursed consist of loans between Rs. 5,000 and Rs. 10,000, while Rs. 3,10,550 over Rs. 10,000 out of the total amount of the loans Rs. 24,76,977 in the year. *Vide* Annual Reports of the Madras Central L.M. Bank, Ltd., for the years 1939-40 and 1944-45

TABLE 3.

Classification of loans according to value, disbursed by the Madras Central Land Mortgage Bank during the periods 1929-30 *to* 1937-38 *and* 1939-40 *to* 1944-45 *

Classification of loan values.	During 1929-30 to 1937-38.				During 1939-40 to 1944-45.			
	No. of loans.	Amount (in lakhs).	% of the No of loans to the total number.	% of the amount to total amount of loans.	No. of loans.	Amount (in lakhs).	% of the No of loans to the total number	% of the amount to total amount of loans.
Rs. Rs.		Rs.				Rs.		
Amount below 500	766	2.68	8.60	1.6	2,009	6.78	15.57	3.55
500 and below 1000	2,048	13.51	23.00	8.2	3,802	25.25	29.46	13.25
1000 ,, 2000	2,807	35.45	31.50	21 5	3,918	50.72	30.32	26.61
2000 ,, 3000	1,369	30.21	15.32	18.4	1,585	34.19	11.89	17.94
3000 ,, 4000	754	24.06	8.44	14 7	661	21.40	5.12	11.23
4000 ,, 5000	425	17.84	4 80	10.9	381	16 27	2.95	8.54
Over 5000 ,,	752	40.73	8.34	24.7	605	35.97	4.69	18.88
Total	8,921	164.43	100 00	100 0	12,906	190.58	100.00	100.0

* Table constructed from the Annual Reports of the Madras Central Land Mortgage Bank, Ltd.

TABLE No. 4.

Summary of analysis of mortgage loans in land mortgage banks in relation to extent of land mortgaged during 1930-31 *to* 1933-34.

Classifications of areas (in acres).	During 1930-31.			During 1931-32			During 1932-33.			During 1933-34			Total No of banks examined.	Total No. of all loans.	Aggregate extent of land mortgaged.	% to total number of all loans	% to total area mortgaged under all area groups.
	No. of banks examined.	No. of loans.	Total land mortgaged.	No. of banks examined.	No. of loans.	Total land mortgaged.	No. of banks examined.	No. of loans.	Total land mortgaged.	No. of banks examined.	No. of loans	Total land mortgaged.					
0- 5	6	36	119-97	10	37	118-75	13	23	83-86	19	66	313-33	48	162	635-91	19 44	6.29
5-10	...	35	258-55	...	43	306-10	...	83	651-74	...	105	667-92	...	266	1884-81	31.98	18.68
10-15	...	21	253- 8	...	34	418-92	...	57	696-92	...	57	717-37	...	169	2087-01	20.29	20.65
15-20	...	4	89-44	...	19	360-89	...	29	511-64	...	37	638-55	...	89	1600-52	10.69	15.82
20-25	...	1	23-26	...	24	544-32	...	23	540-61	...	37	833-18	...	85	1941-37	10.20	19.20
25-30	...	...	...	...	8	223-93	...	20	452-45	...	8	220-40	...	36	896-78	4.33	8.87
30-35	...	...	...	...	3	97-23	...	2	65-70	...	5	192-86	...	10	355-79	1.20	3.52
35-40	...	1	35-63	...	...	...	...	...	...	...	3	155-96	...	4	191-59	0.48	1.9
40-45	...	...	...	...	...	...	...	1	43-7	...	5	165-69	...	6	209-39	0.72	2.0
45-50	..	...	...	...	1	49-89	...	2	93-99	...	...	...	...	3	143-88	0.36	1.42
Over 50	...	...	...	...	...	...	...	...	..	...	3	167-05	...	3	167-05	0.36	1.65
Total ...	6	98	779-93	10	169	2120-03	13	240	3139-98	19	328	4072 31	48	833	10113-60	100	100

the chain of warehouses to be specially constructed and maintained by the Co-operative Land Mortgage Banks.

Mortgages and Land Transfers

One of the points among the terms of reference to the enquiry into agricultural indebtedness made in the province[1] was to find out the extent of land mortgaged by the agriculturists as security for debts and the extent of land transferred. From the data available in the report on this point on the basis of taking two villages in each of the districts except in Malabar and South Kanara, the following results were arrived at. The total area changed hands during the years 1930-34, inclusive of wet, dry and garden land, was 29,057 acres, out of which 5,544 acres were sold by agriculturists to non-agriculturists. In other words, about 19 per cent. of land which changed hands went to non-agriculturists. During the same period about 13,442 acres were found as mortgaged by agriculturists to non-agriculturists. Sales of land effected through civil courts, though in an increasing form, were much less than 10 per cent. of total sales. Assuming the average number of the ryotwari villages per district as 865, it was also estimated that the area which changed hands during the years 1931-34 in the province, exclusive of the districts of Malabar and South Kanara was about 10,351,000 acres, out of which at least an area of 2,070,000 acres had gone to the non-agriculturists. It was pointed out further that "a very large portion (out of this) went to big absentee landlords particularly agricultural money-lenders. This shows that many small and medium landholders were and are being rendered landless and destitute because of foreclosures on their debts." Although the conclusions are important, however, the classification of people into agriculturists and non-agriculturists as well as the method adopted for arriving at the figures for the entire province from the statistical data collected for some villages on the basis of "averages" appear arbitrary and probably open to criticism.

Regulation of Mortgages

The preceding discussion throws light on the nature and socio-economic implications of voluntary sales or forced sales (or sales effected compulsarily for payment of debt). The need for imposition

1. Report on Agricultural Indebtedness, Madras, 1935.

of some kind of regulation of mortgages is obvious. The evil effects of mortgages may be controlled in the following way. If merely sales of land are severely restricted to non-agriculturists, it may result in increased activity of mortgages of land or hypothecation of crops. As long as the farmer needs credit which can be raised either from the produce of his farm or on the security of his lands, prohibition of mortgages is out of the question. But, at the same time, they can be regulated in such a way, as mortgages would not lead to transfers of land to the lessors. The return of mortgaged property to the indebted farmer may be ensured by restricting the maximum period of a mortgage (say from 12 to 15 years) and also by providing that the principal and interest can be repaid out of the income from land within that period, after which the land automatically returns to the debtor. It may be also provided that in case of a usufructuary mortgage the mortgaged land may be allowed to be cultivated by the debtor, if he so desires, in preference to subletting to others. The main idea underlying this course is not to facilitate the peasantry to raise credit on the security of their lands but to restrict the right of the creditor to sublet such lands. The possible objections to the suggestion appear to be that it may restrict credit to the peasantry on the one hand and, on the other, the creditors may demand larger areas of land against mortgage debt. These difficulties may be effectively offset by developing a suitable Government agency for providing long term credit cheaply and to a larger extent.

SECTION IV

Land Transfers Due to Inheritance

The question of land transfers due to inheritance[1] and the consequent excessive subdivision or even the dispersion of landed

1. *Cf.* According to the French civil code following the French Revolution the sharing of landed property by all children in equal parts, regardless of age or sex was made obligatory (*vide* Article 745). M. Victor Boret remarked on these provisions that 'under our system of succession, the most humble tiller of the soil, no less than the wealthiest land-owner is faced by this dilemma: either he thinks of his estate and ensures its preservation after his death by having an only child, thus virtually re-establishing a sort of primogeniture, or he increases his family, and then, this means that on his death that compulsory division is driven to ridiculous lengths, and it is repeated from generation to generation". *Vide* System of Succession to Landed Property in Europe, by M. Tcherkinsky, International Review of Agriculture, xxxii, No. 6, June 1941, p. 181 E.

property to the detriment of agriculture is indeed a question on which much has been already said and written. All the tenures assume the maintenance of or changes in the relationship between man and the land. Though the system of land tenures governs the relations, chiefly legal, economic and social, it is important to analyse here briefly the legal setting concerning land inheritance, as affecting different parts of the province. As is well known, inheritance laws and customs exercise a preponderating influence on the division of landed property and vitally affect the situation of the rural population.

Generally, the *Mitakshara law* of inheritance to property applies throughout the whole province. However, the practice entirely differs in the west coast. For instance, in South Kanara the *Aliyasata law* governs the old *Tulu* land holdings (the cultivating and labourer classes of people), the Moppila and the Bunts. In Malabar the *Marumakkathayam law* is applied to all the Nayars, most of the Thiyans and other Hindus while the *Makkathayam law* applies to the Brahmins, the Christians, the Thiyans of South Malabar and also to the low caste labourers. The chief feature of the system is that descent is traced through the female line and all the property vests in the joint family or *tarwad*. No one is entitled to more than a maintenance and residence; and partition is not allowed. Generally the whole property is managed by one member. Obviously, such landed property will be of less value as an asset which may be mortgaged for instance for raising a loan than joint family property under the Mitakshara law. It is exactly in this difference, an explanation is to be sought for the wide contrasts between the volume of mortgaged debts and the land sales in different parts of the Province. As pointed out formerly, lands seldom enter the land market in the districts of Malabar and South Kanara, as mortgages predominate all other transactions and usually they take the place of sales. No reliable statistics regarding number and value of sales are available in the registration offices in these districts and even where they are available, the sale values shown do not represent the real values of the plots concerned.

Thus, to conclude, the effects of land transfers due to whatever causes, *viz.*, sales, foreclosures on debt or inheritance, gifts and exchange of plots, are serious, and often harmful both to a high standard of farming and a high standard of living for the farmer. In

the first place, land transfers affect ownership of land, concentration of land in the bigger landowners combined with the alarming process of a rapid expropriation of the bits of land of the petty landholders and labour classes throwing them into the ever-growing mass of the agrarian proletariat are often evident. The problem of tenancy is being rendered more and more acute, untrammelled by any sort of legislation to stabilise agricultural conditions and the landlord-tenant relations in the province. Prices of land are increasing rapidly with the result that the ordinary peasant with his lean incomes finds it difficult to purchase land without borrowing or sales of jewellery, livestock, etc. Extreme subdivision and fragmentation of land have long been noticed in vain. Good farming has been hampered and hence the growth of a healthy and a prosperous peasantry, the boast of an agricultural country. Rural unemployment or rather under-employment and unremunerated employment have been largely pronounced in the province and in spite of war boom, the problem of agrarian indebtedness still stands to be a real problem threatening the future solvency of the peasantry. The consequent poverty, misery and social slavery are perhaps unparalleled. All these clearly urge the need for introduction of a strong measure to control land transfers to keep the desired balance of the rural economy of the province.

SECTION V

Measures Adopted for Restriction of Land Transfers

Measures in Other Countries: Suitable measures should, therefore, be taken to preserve and consolidate an economically sound land system. Action towards this end may be of several kinds, and may require enactment of laws for restriction and control of land transfers, by-sales, debt, gift or bequeathal. State interference and regulation of property rights in land are not uncommon practices in many countries. For example, in Czechoslovakia a landowner should not alienate, lease, mortgage or divide his land without the permission of the authorities concerned. This law was aimed at preventing transfers of land by proprietors in anticipation of the radical laws of expropriation. All holdings with areas of 2 hactares (1 hectare=2.4 acres) and below were declared inadmissible by sale or succession in Rumania. If a landowner chances to acquire through inheritance or otherwise more than the specified maximum, the excess is to b

disposed of or parcelled out within a specified period of time. The State reserves the right of taking over any land found neglected or badly cultivated[1].

The features of inheritance laws of the earlier period and for a long time were governed in countries of Europe by two chief motives: one, to respect the right of the testator to divide the estate among his heirs, and second, to preserve the estate in the interest of the family. These were largely reflected in the general system of undivided succession and unattachable family properties as found in the Roman and German laws, as well as that of the French Civil Code, 1791 which abolished the law of primogeniture which existed in France prior to the French Revolution (in the light of the principle that "All men are born and remain free and with equal rights" according to the 'Declaration of the Rights of Man and of the Citizen' (of 3rd September 1791), and gave equal rights to succession by all the members of a family irrespective of age or sex. In fact, Article 745 of the French Civil Code states "All the children or their descendants succeed to their parents, grand parents or other ascendents, without distinction of sex or primogeniture. . . They inherit in equal shares and in their own right, if they are all in the first degree; they inherit as a family (*en souche*), when they claim as collateral heirs (*par representation*)". The system of undivided succession by the principal heir,[2] as derived by Roman Law was found in many countries like Italy, England, Hungary, Prussia, Mecklenburg and to a small extent in Bavaria and in some of the German states whereas the system of unattachable family properties or *homesteads* was quite recent, although historically, it may date back to the times of President Lincoln (1862) in U. S. A. and much earlier (1839) in Texas, and in the last quarter of the 19th century in some

1. See my paper on 'Agrarian Reforms in India' *Vide* Commerce, Annual Number, December, 1948.

2. Cf. Like the practice of division in kind, "the succession to an estate in *fideicommissum* follows a strictly determined order. It generally passes undivided to the eldest son of the last holder. The brothers and sisters of the eldest son, *i.e.*, of the beneficiary of the *fideicommissum* have rights equal to his, only as regards the chattels belonging to the estate. Moreover, they may be entitled to maintenance or to an annuity, but they are deprived of all claim to the lands in *fideicommissum*. The indivisibility of the estate and the right of primogeniture thus assure its preservation until the extinction of the family or until the expiration of the period fixed by the founder of the *fideicommissum*." See, The System of Succession to Landed Property in Europe, Ibid., p. 169 E.

countries of Europe like Serbia, Switzerland, Germany and in Eastern Europe (*e.g.*, Hungary and Rumania).

Regulation of Property Rights in Land

As a result of recent reforms particularly those that followed the World War I, and of late World War II, these laws have undergone great changes, the guiding principles of which are characterised by economic and social considerations. These two principles derive in their turn from a new conception of property and the rights of private property in land. The claims of absolute rights in property are rapidly giving way to the modern view (or the ancient Indian concept of "rights and duties") that individual rights in property equally imply discharging obligations to modern society. It is plain that at the present time absolute rights of individuals or institutions to property do not exist or be upheld as of old anywhere under the sun. The State, under all circumstances, can respect private rights for public purposes with short notice. In fact, some of these economic interventions have grown more extensive and more regular, and it appears that in modern times in many countries gradually the entire field of economic activity, including peasant farming and possession and operation of resources of nature in all its aspects, are tending to become increasingly State-controlled, as a part of the general national plan in times of war or peace.

Legislation in India

Here an attempt is made to briefly outline (by way of passing reference) the nature of land transfers in the pre-British period, the Deccan Agriculturist's Relief Act, 1879, the Punjab Land Alienation Act, 1900, the Land Alienation Acts, of the C.P., N. W. F. P. and of the Bundelkhand, and other measures aimed at restriction on land alienation. The provisions of the Bombay Tenancy and Agricultural Land Act, 1948 concerning restriction of land transfers were analysed and improvements suggested.

Nature of Land Transfers in the Pre and Early British Period

It is well known that in the pre-and early British period, land had little saleable value owing to political insecurity, lack of rapid

development of communications and absence of the caste nexus. Lands were not disposed of, at any rate, for payment of debts. If the debts were not paid, the creditor and the Revenue Collector on behalf of the State used to settle between themselves the share of crops due to each of them. The arrears of land revenue were kept on the records and recovered, if possible, when better crops were harvested. But lands were rarely sold under the native rule for realisation of debts or arrears of land revenue. But gradually, by the latter half of the 19th century, the process of transferance of lands into the hands of moneylenders became marked. The indebtedness of the peasantry increased along with the increase in the value of lands and the increased credit of the agriculturists. With the rise in the class of money-lenders, largely non-agricultural, due to favourable laws for recovery of loans, accumulation of funds on account of rise in prices, etc., the small peasantry were slowly dispossessed of their lands. This was made possible largely by subdivision of holdings owing to break-up of the joint-family system and increase in rural debt due to high assessment of land revenue and periodical recurring of famines in the early British rule.

The Deccan Agriculturists' Relief Act, 1879

To remedy the situation laws were enacted in many provinces to save the landholders and their properties from falling into the hands of the greedy money-lenders to some extent, especially by way of granting relief in suits of money-lenders against agriculturists, restricting sales of land to non-agriculturists and, of late, regulation of money-lending and liquidation of past debts.

The Deccan Agriculturists' Act came into being as a result of the recommendations of the Deccan Ryots Commission of 1875. It provided for investigation into transactions between the creditors and the agriculturists for determination of the genuine principal and interest due, and the courts were empowered to grant, revise and execute all decrees in such a way as to prevent the sale of land of the debtor to the extent possible. Liberal insolvency provisions were also made. It introduced safeguards for prevention of frauds by money-lenders and a special machinery to accord cheap and summary justice to the ryots. To quote the observations of the Commission appointed to enquire into the working of the Act, in 1892: "The Act by reducing the burden of debt,

by exempting land from liability to sale in execution of money decrees, and by making clear to the ryot the results of the contracts which he enters into, has undoubtedly largely checked the transfer of land both by the voluntary action of the parties and by the action of the court; but it has unquestionably failed to stop that process". In practice, many of its useful provisions were found misused or evaded with the consequence that the Commission appointed in 1912 to investigate into the working of the Act recommended its repeal and its replacement by a short measure embodying the provisions found helpful in its working.

The Punjab Land Alienation Act, 1900

Even before the passing of this Act, the need for placing some kind of restriction on transfer of land was pointed out by Justice Melville in Punjab in 1872. The chief provisions of the Act were that sanction of the Deputy Commissioner was necessary whenever lands were disposed of except in case of sales taking place among the scheduled agricultural tribes or by non-agriculturists. Mortgages were permissible by agriculturists to non-agriculturists under certain conditions in three forms, *viz.*, simple mortgage, mortgage with possession and mortgage under which the debtor would cultivate land as a sub-tenant under the creditor. Mortgages by conditional sale were disallowed. In practice the provisions were evaded in various ways. It led to increase in leases and mortgages with possession and spread of *binami* transactions. In short, the measure could not check the influence of the non-agriculturist moneylender in the sphere of short term credit, while the agriculturist-moneylender, who was un-exceptionally a land-grabber, was given a privileged position to advance loans on mortgages with the result it enhanced concentration of land by the agricultural moneylenders, on the one hand, and tenancy, to the other. Therefore, the Third Amendment Act of the Punjab Land Alienation Act (1938) provided for restriction of even the right of an agriculturist to purchase lands if he were a moneylender, No doubt, it would prevent automatic transfers of land to moneylenders (agricultural or non-agricultural). But it is possible for a debtor to evade law by selling the land to a third party to whom he is not indebted and subsequently the third party disposing of the land to his creditor. Hence, the Deputy Commissioner was sanctioned the authority to conduct investigation to detect such fraudulent alienations. It may be noted that even to the so-called agricultural tribes,

a free hand or monopoly position should not be given to purchase land. Some kind of regulation to prevent concentration of land or expropriation of disadvantaged persons even within the same groups is necessary to ensure justice. The fixing up of the maximum rate of interest to be charged and expansion of cooperation in the province went to counteract, to a certain degree, the evils of contraction of credit consequent upon such a measure in the early stages of its operation.

Restriction of Land Transfers in Other Provinces

Measures, similar to the Punjab Land Alienation Act, were passed in other provinces like the U. P., the N. W. F. P., Delhi and Ajmere prohibiting transfer of land to non-agriculturists. The Land Alienation Act in C. P. applied only to aboriginal proprietors and to some jaghirs in Chindwara district and some Zamindaris in Chanda. It was extended subsequently to backward areas as well. It provided that sales of land and leases to non-aboriginals had to be sanctioned by the Revenue officer. In Madras also, under the Agency Tracts Land Transfer Act I of 1917, permission of Agent to the Governor was necessary for all transfers of land by hill tribes to others.†

Thus, it may be seen that the measures undertaken in different provinces till the time of passing of the Bombay Tenancy and Agricultural Lands Act, 1948 were enacted with a view (a) to preserve lands in the hands of agricultural communities or scheduled tribes, (b) to regulate distribution of Government lands in certain areas or to restrict the rights of ryotwari holders as in some ryotwari villages in C.P. and (c) to protect the aboriginals and backward classes from losing their lands to the plains-men, the rentiers and the money-lenders. It is obvious that instead of keeping the objective underlying the legislation largely sectarian, it must be broad-based with the aim of preventing land passing into the hands of lessors, disposal of lands by small holders to big holders and concentration of property above the maxima fixed in different regions.

The Bombay Tenancy and Agricultural Lands Act, 1948

The chief provisions of the Act are dealt with comprehensively in a later chapter (Chapter X) and it may be well, therefore, if we

† Cf. The *Koya* system, ch. 3.

only draw attention here to the limitations of the sections concerning restriction on transfers of agricultural lands. Section 63 of the Act states that "(a) no sale (including sales in execution of a decree of Civil Court or for recovery of arrears of land revenue or for sums recoverable as arrears of land revenue), gift, exchange or lease of any land or interest therein or (b) no mortgage of any land or interest therein in which the possession of the mortgaged property is delivered to the mortgagee—shall be valid in favour of a person who is not an agriculturist" without the previous permission of the Collector or an officer appointed by the provincial Government. However, "sale, exchange or lease of a dwelling house or the site thereof" is allowed in favour of an agricultural labourer or an artisan.

Although the above section is commendable in principle, the next one (section 64) relating to 'sale of agricultural land' is highly defective. According to the section, when a "*landlord*" intends to sell any land, he has to apply to the Agricultural Lands Tribunal, specially set up for the purpose, and dispose of the land at a *'price'* determined as *reasonable* by the Tribunal. The order of priority of persons to whom the land has to be sold is as follows: (i) the tenant in actual possession of land (ii) the person or persons personally cultivating any land adjacent to the land to be sold (iii) a cooperative farming society (iv) any other agriculturist and (v) any other person who has obtained from the Collector a certificate that he intends to take the profession of agriculturist. But in so far as the sale of a dwelling house or a site of a dwelling house etc. by a *landlord* is concerned the order of priority of the claimants is given as (i) the tenant, if he does not own a dwelling house or a suitable site for such house (ii) the person residing in the village without any house of his own, at the same time having regard to the needs of an agricultural labourer, an artisan, and any other person in the village as determined by the Collector, in case if there were more than one claimant for the offer.

It is apparent that the section aims at regulating sales and prices of landed agricultural properties of 'landlords' or lessors and leaves the bulk of "owner-cultivators" out of its scope. Thus the section is not only very limited in its scope but, in the actual working of the Act, it may create two land markets, the one regulated and the other unregulated, possibly, with wide divergences in prices of lands

obtained in the two sectors. Hence, in order to make the section really effective and beneficial to the mass of the farming community, the measure should be extended to sales of land by the owner-cultivators also, and a provision for preventing speculation in land be introduced.

CHAPTER VII

INDEBTEDNESS AND ORGANISATION OF RURAL CREDIT

Nature

Rural indebtedness is more or less a common phenomenon and, indeed, is not confined to India alone. The agricultural population of a nation, perhaps at any known period of its history could be scarcely found free from debt. It is more so in the context of a progressive development of economic life of a people from a simple to a more advanced phase of social evolution. A farmer, like any other individual in other sectors of production has to borrow, when he has no funds of his own, to carry on good farming. The farmers in many countries, in fact, *have been in debt*, productive and otherwise. But the indebtedness of the Madras or the Indian peasant generally differs from the nature of indebtedness of those in some of the advanced countries like the U.S.A., Canada, Australia or France in that the debt in the former case is largely heavy, unproductive, almost chronic and far above the remotest chance of ever it being paid off. It is because of this difference in both nature and composition, the problem of agricultural debt is a matter of far more serious concern in India and hence it has been frequently projected on our attention, of Government and public alike, from time to time.

Indebtedness in Pre-British Period

We have no reason to believe that there was no indebtedness under the rule of the Moghul and the Native dynasties. From the scanty material available to us on the economic conditions of the people in the Hindu and Muslim periods, it appears that it existed in India even before the advent of the British, but only it increased rapidly in volume under the British administration and its evils were become acute and widely felt. Certain salient limitations on lenders and borrowers, as well, existed in the institutional and social frame work of ancient India—the joint family system, the influence of custom and the administration of the village Panchayats against a background of a simple and self-sufficient rural economy. The ' dread

of society' used to be a powerful check upon unscrupulous creditors for either exacting high rates of interest taking advantage of the necessity and the distress of his neighbour or to effect recoveries of loans in a callous or inhuman way. But under the laws enacted by the British, changes of far-reaching significance were brought about in ideas, in social relations and institutions in the first half of the nineteenth century. Of these various changes, some were: the ideas of individual rights, well-defined rights of property in their holdings with the right of free transfer, sale or mortgage, a rigid recognition of the force of contracts among individuals or otherwise, and the enforcement of the decisions of courts in respect of disputes arising out of such contracts even with greater rigidity with the might of the police and the military. This has given a strong handle to the hands of unsocial elements and has given rise to a perverted dispensation of justice easily accessible and often favourable to the moneyed and the privileged few who are conscious of their rights under the laws and possess both money and means to get them established in courts by simply securing the services of clever lawyers. This has sapped the vitality and the very best of ancient social order based on *dharma*, on a supreme sense of morality (morality in its wider acceptation), and on a scale (a code) of relative valuations in terms of *God and man*. It has encouraged in many instances to lay greater emphasis on the *word* and on the technical side of laws rather than on their *spirit*, thus paving the way for the emergence of a new class of people, the moneylenders, the Shylocks, the capitalists and the absentee landlords in common *parlance*.

Credit Requirements

A peasant has to borrow generally at every stage of operations to meet his current and capital needs as well as for family consumption. To start with, a cultivator requires credit for purchase of cattle, implements and manuring for ploughing and preparing the soil. For cultivation of wet lands, transplantation and further manuring; and on dry lands weeding and hoeing have to be carried on next. Finally, he must be ready to meet the expenses of reaping, gathering, threshing and harvesting of crops. In the deltaic tracts, it is possible to make arrangements in advance, for there is security of irrigation water. It is, however. not the same case with the less fortunate ryot in dry tracts, when he must be in a position to throw in all his resources, when rains fall with or without short

notice. If the rains are inadequate, he has to incur the cost of ploughing and sowing two or three times in a season. In many parts of the country crop failures are common and there may be good harvests once in three or five years. To meet all such losses and risks involved in farming and to provide rent to landlord or land revenue to Government and for family maintenance, a ryot needs money. Besides, money is needed to effect permanent improvements in land, such as for building embankments, construction of wells and purchase of lands or for education of children or expenditure on social and ceremonial functions. If he has not enough amount for any of these items, he has necessarily to contract loans with whichever agency that is easily approachable and is prepared to advance him sums in time and according to his convenience.

The principal types of credit needs or occasions of agriculturist's borrowing may be classified into three divisions, *viz.*, (a), for current expenses of cultivation, processing and marketing of produce (b), for long-term land improvements and purchase of lands and (c), for normal consumption expenditure especially for family maintenance as well as for repayment of old debts or expenses on occasional ceremonies like marriages, deaths, pilgrimages, etc. The first two (a) and (b) are usually described as productive, while the third (c) as unproductive debt. The distinction, sometimes made between productive and unproductive debts seems to be arbitrary. At any rate, when we judge from the principles of 'Economics of welfare' and not from purely the economics of 'money-making' or 'profit and loss' calculus, the expenses incurred in connection with the consumer needs of a farmer's family will have to be reckoned as, as productive as payment of wages to labour, upkeep of live stock or agricultural machinery.

It is apparent that the extent of finance required for productive and/or consumption needs vary from tract to tract and from one category of ryots to another. Broadly stated, the degree of producer finance will be governed by the size of farm operations, as also by the nature of farming. For example, for irrigated and garden cultivation or for intensive and commercialised agriculture the credit requirements are greater than in dry and light crop regions. Apart from the size of a farmer's family or its economic condition, in regions where there are frequent crop failures and the store of grains get exhausted before harvests are reaped, the extent of consumer finance of a ryot will be heavier and frequent. In order to devise a system

of finance catering to the various types of farmer's needs, a study of the purposes of borrowing and the ways of spending the sums borrowed is important which will be taken up later on.

Inevitability of Agricultural Indebtedness

In a way, the agrarian indebtedness appears to be inevitable under the several handicaps and difficulties Indian agriculture is labouring such as, the heavy population pressure on land, the large number of non-earning dependents, the uneconomic size of holdings, conditions of tenures, tenancy and high rents, uncertainty of harvests, illiteracy and lack of thrift on the part of marginal cultivators, etc. In the absence of adequate credit facilities, the ryots borrow amounts from a local sowkar or a landlord or from a professional moneylender or a *Marwari* in neighbouring village or town at the beginning of each agricultural season with the idea of repayment after harvests. When the debt could not be paid in subsequent years owing to crop failures, loss of cattle, family calamities or other ways of expending money, the debt increases year in and year out with interest. As long as there is sufficient margin between the value of assets and the debt outstanding, the creditor may not press hard for repayment. But when the creditor doubts the repaying capacity of his debtor, the landed property has to be mortgaged sooner or later in lieu of the debt taken. So it is sometimes stated that the first step towards acquisition of a piece of land is to lend money to its owner.

What Often Takes Place

An account of what often takes place in a district in Punjab in the process of a farmer getting into the clutches of a moneylender is given as follows. ' When the owner of a good well or a fat piece of *sailab* deals with a *bania* (Sowkar) who is anxious to hold some land in mortgage, he finds that his credit is unlimited. It is a case of spending made more easy. He can have whatever he wants and whenever he wants. All that he is troubled with is his signature or assent to the usual six-monthly statement of accounts. And at harvest time he will make a few payments to the *Sowkar* in grain. This goes on for 4 or 5 years or often longer. Then the demeanor of the creditor changes. He insists upon a registered bond for the amount due or a mortgage. The debtor temporises as long as he can, perhaps transfers his account to another shop, often takes his chance of a law suit trusting in his luck to evade some of the items. All these devices fail, he makes over a share in his property on a verbal *lekh-mukhi* contract

to his creditor. This is probably the very worst thing he could do. . . The *Zamindar* never looks into accounts and is fleeced in every possible way. . . . . . Instead of growing less, the debt grows larger and a mortgage is at last gained"[1]

Growth and Extent

At least four important enquiries were made into the agricultural indebtedness in the province during the last fifty or sixty years which bear testimony to the rapid rise and total volume of rural debt of the people in the presidency. They are (i) The Enquiry of Sir Frederick Nicholson (ii) The Madras Provincial Banking Enquiry (iii) The Enquiry into agricultural indebtedness by W.R.S. Sathyanathan and (iv) the recent Enquiry of Dr. B. V. Narayanaswamy into rural indebtedness. Of these, roughly speaking, the first was made towards the close of the 19th century, the second at the beginning of the great depression of 1930's, the third in the wake of the post-depression period and the last towards the end of the World War II. The enquiries as such relate to some of the significant periods in the economic history of the province in the past half a century touching the important phases of the economic cycle of depression and booms.

Without entering into a minute examination of the relative merits and limitations of the methods by which the investigations were made and the figures arrived at, the estimates of total rural indebtedness are referred to as given by each of the above-mentioned sources. Sir Frederick Nicholson who was deputed in 1892 to investigate into the scope of establishing 'Agricultural or other Land Banks' in the province, calculated that the rural debt at the beginning of any harvest was about Rs. 45 crores. The Banking Enquiry Committee placed it near about Rs. 150 crores in 1930, while Mr. Sathyanathan put it at about Rs. 200 crores in the year 1935. According to Dr. Narayanaswamy the aggregate rural indebtedness in the Province in the year 1939 should have been Rs. 271.9 crores, while it was about Rs. 217.7 crores in 1945.* Judged from the present day

1. *Vide* Selection from papers on Indebtedness and hand transfer, p. 87.

* *Note*.—According to Mr. Sathyanathan's report from an analysis of results of 141 villages investigated the *per capita* debt was estimated at Rs 42, debt per family Rs 194, debt per acre of occupied land (ryotwari, inam and Zamindaris—all inclusive) Rs. 63 and debt per rupee of assessment was Rs. 21. As per Dr. Narayanaswamy's report in 1945, debt *per capita* is Rs. 40 8 (51.0), debt per family Rs. 255.5 (318.8), debt per acre of occupied area Rs. 53.8 (66.6) and debt per rupee of assessment Rs. 22.5 (28.2). (The figures for 1939 are shown in brackets).

advanced methods of enquiry, the past debt surveys may be found defective in some way or other. But their estimates are of value inasmuch as they show a rapid growth of rural debt in the province. For instance, within a period of three and half decades the debt of Rs. 45 crores was found to have grown more than three times by 1930, while it became more than fourfold by 1935 within a period of four years, and it exceeded the limit of 5½ times by 1939. In other words, the Provincial Banking Enquiry Committee's estimate of Rs. 150 crores in 1930, roughly speaking, doubled by 1939 in a period of less than a decade. Even though there was some easing of the situation during war, yet the figures stood at Rs. 217.7 crores in 1945 indicating a reduction of Rs. 54.2 crores or a reduction of about 20% of the total rural debt as on 1939. The extent of liquidation of debts is, however, not equal in all regions or among different classes of agriculturists within the same region, a question which is discussed fully in the chapter in its appropriate place.

Price-changes and Indebtedness

Prices of agricultural produce have a powerful bearing on the prosperity of the rural people and hence on the position of their indebtedness. The trade cycle and fluctuation in prices had their serious repercussions on the volume of debt, its increase or reduction as revealed in the preceding analysis. In view of their importance the aspects of (a) depression and rural debt and (b) wartime inflation and debt position are taken up *seriatim* for further discussion.

(a) Depression and Rural Debt

The immediate effect of depression was not only the accelerated growth of money burden of debt, as pointed out earlier, but the considerable increase in the real burden and the general effects. There was a general trend of conversion of unsecured debts into secured or mortgage debts and forced sales of land. Due to fall in prices of agricultural commodities larger extents of lands were demanded as security against loans. On account of the lowering of the confidence of the creditors in the solvency of agriculturists, credit to some extent contracted and, in fact, the rise in the volume of debt was ascribed not so much due to advance of fresh loans but rather to increase in old debts through interest. Fall in prices and loss in cultivation led to arrears of rents which only enhanced the indebtedness of small ryots and tenants. Sale of cattle, ornaments, household articles or

handing over crops and lands were found to be the widely prevalent methods of repayment of debts. Much land was transferred from the agriculturists to non-agriculturists or agriculturist money lenders. Since the latter class were largely lessors, the lands so transferred were again leased out to their former owners under tenancy. To illustrate, in Allahabad and Agra "the tenants have in a number of cases handed over their land temporarily to the lender and now work as laboures or sell fodder, etc." In Benares and Gorakhpur "sub tenants had to give up their lands on account of high rents and debtors worked as labourers of lenders. Cases where the cultivators had to go without the means of subsistence were few. But cases where they have to be satisfied with one meal a day were many"† One of the features of rural indebtedness in the depression was its cumulative character and the widened grip of the trading and the non-cultivating classes on the peasantry.

(b) War-time Inflation and Debt Position

The figures relating to loans, advance recoveries and advance payments made to the cooperative credit societies and cooperative land mortgage banks available from the cooperative department indicate that there was a general trend of liquidation of debts in the province asunder :—

The figures in tables 1 and 2 show that, in the first place, there has been a definite improvement in the financial position of the co-operative banks, primary credit societies or land mortgage banks, in view of the significant reduction in overdues, increase in deposits both by members and non-members, besides large repayments or advance payments of debts. Secondly, the years 1942-43 and 1943-44 mark the period of a sharp decline in fresh loans and overdues on the one side and a rise in advance recoveries. Subsequently there has been a slight rise in loans taken, as well as a decline in advance recoveries made by the primary credit societies and the land mortgage banks. Therefore, it appears that till the end of the year 1943, debts were largely liquidated taking advantage of rise in prices of agricultural commodities in absence of controls and due to rise in land prices. Since 1943 there has been a change in the position partly due to enormous rise in expenses of cultivation, probably more than the proportionate increase in the rise in prices of agricultural produce which were

† Quoted in: Legislative Protection and Relief of Agriculturist Debtors in India, opp. cit. p. 29.

TABLE No. 1

Showing the working of the Primary Agricultural Credit Societies

Year	Number.	Debts outstanding at the beginning of the year.		Overdues.	% of overdues to total outstandings.	Total deposits.		Loans made during the year.	Advance recoveries or repayments.
		Principal.	Interest.			By members.	By non-members		
1939-40	11,097	350.05	45.51	168.21	46 6	9.05	17.54	147.29	12.41
1944-45	10,792	260.77	29.65	77.17	29.5	15.48	27.61	189.67	14.91

TABLE No. 2

Showing the Working of the Co-operative Land Mortgage Banks.

Year.	Number.	Principal lent (rupees in lakhs).	Instalments due (Rupees in lakhs).	Instalments paid or recovered (Rupees in lakhs).	Advance payment (Rupees in lakhs).
1939-40	119	42.57	9 59	8.33	4.68
1940-41	119	42 17	11.32	10.10	7.26
1941-42	119	40 40	12 59	11.48	13 01
1942-43	119	24.81	13.30	12.59	25.39
1943 44	119	18.31	13 66	13 19	22.61
1944 45	119	24.81	12 41	12 02	14.70

brought under Government controls without a corresponding imposition of controls to the same extent on all goods and services required by a cultivator. There set in a tendency on the part of substantial landholders to contract new debts for purchases of lands at high prices or for investment in land by taking *takkavi* loans or taking advantage of benefits extended by Government in connection with the 'Grow More Food Campaign' for digging or repairs to wells and tanks, etc. It has been estimated that the productive debt so contracted for purposes of either purchases of lands or development finance might be about Rs. 27.4 crores in the province, largely taken during the years 1944 and 1945. It is clear, therefore, that the net reduction of debt during war years (1939-45) is about Rs. 54.2 crores (Rs. 271.9—Rs. 217.7 crores) but, if we take into account the amount of Rs. 27.4 crores freshly contracted for productive purposes, the gross reduction of debt during the period would be Rs. 81.6 crores (Rs. 54.2+27.4 crores)—a reduction which would have been recorded actually, if we compared debt positions in the years 1939 and 1943.

The foregone discussion treats the problem generally. But to have an idea of the precise effects of war-time inflation on debt position, it is necessary not only to have the trends in the intervening years (between 1939 to 1945), as discussed above, but also among different regions and different groups of agrarian strata. From tables no 3 and 4 below†, it may be noted that the fall in the *per capita* debt of the first class of big land holders (39.9%) is steep when compared to *per capita* reductions in case of medium landholders (24.6%) and small landholders (12.3%). It may be noteworthy that the debts of landless tenants and landless labour have increased by 4%and 45.6%respectively, testifying that materially they are affected badly by a sharp rise in prices. The tenants are hit on both sides due to enhancement of rents, on the one hand, and due to rise in wages and costs of production, on the other. The increase in indebdness of the labourers is perhaps due to two reasons viz., firstly, even though there has been an increase in their wages, it is not proportionate to increase in the rise in food stuffs and other necessaries of life; and; secondly, due to the practice of making advances to labour by some farmers in account of its scarcity in order to ensure their requirements of labour. A scrutiny of table No. 4 reveals that from the point of extent of indebtedness or in its liquidation during war years, the different parts of the province are not equally situated. The lowest *per capita* of Rs. 22.3 is found in the VIII Zone (the extreme south-west), the dry talukas of Ramnad and Madura Districts, next stand VI and VII Zones, the Cauvery and the Central districts. The highest *per capita* debts are discernible in V and II Zones (the Carnatic, and Circars Coastal) of Rs. 56.2 and Rs. 53.9 respectively. The largest reduction in debt is recorded in III Zone (Circars, upland) followed by V and II Zones. While interpreting the statistical data in the table, it should be borne in mind that the figures relating to *per capita* debt have a meaning only in relation to *per capita* incomes also in the regions concerned. For example, the indebtedness in Zone IV (Rayalaseema) with *per capita* debt of Rs. 46.3 against a *per capita* income of Rs. 107.0 is undoubtedly heavier than that in Zone IX (Extreme South-East) with its corresponding figures Rs. 43.9 and Rs. 169.9 respectively.

Table No. 5 contains an abstract of the results of personal investigation made regarding the families which are free from debt, partially or fully liquidated their debts, and families which have incurred or increased their debts, general and

† *Table No. 3, showing per capita debt for various classes*

Class	1939 Rs.	1945 Rs.	Difference	Percentage Fall or Rise
1. Big Landholders	188.5	118.3	– 75 2	–39.9
2. Medium Landholders	78.8	59.4	–19.4	–24.6
3. Small Landholders	42.8	87 6	– 5.2	–12.3
4. Landless Tenants	20 5	21.3	+ 0.8	+ 4.1
5. Landless Labourers	5.7	8.3	+ 2.6	+45.6

Table No. 4, showing per capita debt in each of the ten Zones in 1949 *&* 1945.

(In Rupees)

Zones	I	II	III	IV	V	VI	VII	VIII	IX	X	Average
1989	36.0	62.9	88.1	54.4	76.7	40.1	43.7	26.1	49.7	49.8	51.1
1945	42.9	53.9	42.5	46.3	56.2	81.1	37.2	22 8	43.9	42.5	40.8
Percentage of 1945 to 1939 debt	119	86	51	85	78	77.5	86	85	88	86	80
Per capita income in 1945	112 1	161.8	168.5	107.0	174.5	125 6	153.7	164.0	169 9	121.8	144.4

* *Vide*, Report of the Economist for Enquiry into Rural Indebtedness, opp. cit.

mortgage, during the war years. "It may be found that the class of peasantry who prospered and liquidated their debts under the influence of high prices are the big landowners and a fair number of medium landowners, while the small holders of land, the tenants and the agricultural labourers who are the real backbone of agriculture in the country, are hard hit. With a few exceptions, the latter class of people are not only unable to pay their old debts, but in a good number of cases, they have either actually increased their debts or have to contract debts anew".[1]

Indebted and Debt-Free

In view of the complexity of the problem, complete accuracy cannot be expected of the data concerning indebted and debt-free among the agrarian strata and the extent of indebtedness of each class of agriculturists. It was considered by Sir Frederick Nicholson that about 75 per cent. of the rural population borrowed for one purpose or the other. It follows, therefore, that in his opinion the debt-free might be about 25 per cent. Mr. Satyanathan's report marks a clear advance with regard to apportioning of the total debt among different strata of the agriculturist's population. He classified the agriculturists into three divisions, *viz.*, farm labourers owning no lands and paying no assessment or rent (b), registered landholders and tenants paying land revenue or rent of one rupee to Rs. 100 and (c), those paying Rs. 100 and above. On the basis of this classification, a direct investigation of about 564 families was carried out in different parts of the province. The results were that the debt of the field labourers was Rs. 15 per head, that of the small owner was Rs. 211, and that of the larger owner was Rs. 918 per head. Further, the enquiry revealed that approximately the agricultural population consisted of 54% registered holders, 18% tenants and 28% labourers. The percentage free from debt were among registered holders 21 %, among tenants 23% and among farm labourers 36%.

This was broadly in accord with the percentage of ryots indebted as shown in the settlement operations. The percentage of ryots in debt in selected villages in the districts, where settlement operations were made during 1930-37, ranged from 54 to 81. But in the majority of cases, the percentage exceeded 70. Thus, it is obvious that the large bulk of the population were indebted.

1. Vide my paper on "Economic Consequences of Inflation on Agrarian Economy, etc," Opp. cit., P 31.

TABLE No. 5

Presenting an abstract of the number of families which are free from debt, partially or fully liquidated their debts, and families which have incurred or increased their debts, general and mortgage, during the period 1939-45.

@@ Classes	Free from debt		Completely cleared of debt		Partially Cleared debt		Newly incurred debt		Increased debt		Maintained same debt		Total
	A		A		A		A		A		A		
	G	M	G	M	G	M	G	M	G	M	G	M	
Big landholders ...	28	19	7	5	3	2	3	6	Nil	2	8	5	39
Medium landholders	12	18	8	2	2	2	2	3	1	Nil	2	4	27
Small landholders.	11	42	7	1	8	2	14	6	3	,,	8	Nil	51
Tenants ...	6	22	1	1	4	Nil	5	Nil	3	,,	4	,,	23
Agricultural labourers.	9	60	3	Nil	5	,,	27	,,	7	,,	9	,,	60
Total for all Classes	61	161	26	9	22	6	51	15	12	4	26	9	200

(Source: Personal investigation made in Andhra Districts of the Madras Province.)
G: General. M: Mortgage
@@ Note: The classification of families into different classes is based on the following :—

Class		*Extent of land wet & dry owned.*
Big landlords	:	25 acres and above
Medium landholders	:	Between 5 and under 25 acres
Small landholders	:	Under 5 acres
Tenants	:	Under 3 acres, and where the income derived from the area cultivated on lease is more than that in the area owned.
Agricultural labourers	:	Under 2 acres and where the income derived from wages of labour is the chief source of living of the family.

In the enquiry of Dr. Narayanaswamy, the agriculturists are divided into five classes, *viz.*, big landholders, medium landholders, small holders, landless tenants and landless labourers. The number of families examined was 8,530 chosen on the principle of stratified random sampling. The results obtained disclose [1] that the largest number of families free from debt are from the first class of big landholders, the percentage being 33.3. The number of debt-free families in the third and fifth groups is the lowest forming only 22.5 and 22.4 per cent, respectively to total number of families in each group.

Finally, the results of the personal investigation made into indebtedness of 200 families of agriculturists in Andhra districts of the Madras Province by the present author are presented in table No. 5. It may be seen from the contents of the table (col. 1) that out of 200 families examined in 1946 only 61 were free from general debt and 161 from mortgage debt for all classes at the end of the year 1945. The number free from general and mortgage debt are 23 and 19 among big landholders. 12 and 18 among medium landholders, 11 and 42 among small landholders, 6 and 22 among tenants, and 9 and 60 among agricultural labourers respectively.

It is evident that the dictum that debt follows credit holds good directly being proportional to debt per head of different classes of agricultural population and inversely being proportional to the number of persons indebted, although the *per capita* debt may be found higher. The total number of persons indebted are thus greater in the lower income groups than that in the higher ones, a fact which is of more consequence than the volume of debt per head of the people.

Purposes of Borrowing and Causes of Debt

An analysis of the purposes for which the amounts are borrowed or the causes of debt and the degree of importance of each of the causes is the *raison de etre* for any effort of organisation of a suitable structure of rural finance. The following is the classification of the purposes of borrowing as found from a survey of 141 villages in the province[2].—

Agricultural expenses=10.0%	Payment of prior debts=25.1%
Improvements to land=4.4%	Marriage and other ceremonies=10.5%

1. Cf. Report of the Economist for enquiry into Rural Indebtedness 1946 Opp. cit., ch., V. P. 33.

2. *Vide* Report on Agricultural Indebtedness, 1935, opp. cit.,

Note: According to the Provincial Banking enquiry Report, Bombay, the percentages are as follows: Current agricultural needs=17.6, Land improvement

Payment of Land Revenue=3.3%	Relief of distress=6.1%
Trade=12.9%	Education of Children=1.4%
Construction of houses=5.6	Other expenses=6.9

It is important to note that repayment of old debts are everywhere a major purpose of borrowing. The sums borrowed for expenses of cultivation are relatively low and those effected for making permanent improvements in land are lower still. Marriage and other ceremonies, and relief of distress also constitute the principal occasions of incurring debt. It is clear therefore in any programme of reconstruction of rural finance, reduction and settlement of old debts should be a preliminary step followed by giving a definite and progressive bias for spending amounts on productive rather than on unproductive purposes as well as removal of causes leading to recurrent distress conditions by rehabilitation of agriculture and the farmer by appropriate means. Reduction of expenses on social and ceremonial side may be possible only through general education and propaganda. Partly due to controls and rationing, difficulties of transport, raising of the marriageable age limits for boys and girls and also as a result of a growing trend of opinion against extravagance on social and ceremonials beyond the means of the parties concerned, healthy signs of reduction are noticeable in recent years at this end.

Increase of Debt Due to Accumulation of Interest

When debt could not be settled for many years, surely accumulation of interest must have been a principal factor for swelling up the aggregate debt of the peasantry before the operation of the provisions of the recent debt legislation. It is difficult to ascertain the extent to which the debt has grown by additions of interest in the province in the past. However, how rapidly debt multiplies itself due to accumulation of interest may be noted from the following illustration. Let us work out what a debt of one rupee may become in a period of 100 years at the rate of 12 per cent. interest per annum

and purchase of land=8.0, domestic requirements=11.4, Payment of old debts=20.7, Trade=4.1, Marriages and other ceremonies 19.4, Litigation=14.8 and Miscellaneous=4.0. The respective figures for the C. P. and Berar are given by the Report of the Provincial Banking enuiry Committee as follows:—Old debts and loans=26.0, Marriage and other ceremonies=14.0, Maintenance expenses including results of scarcity and distress=7.0, Land Revenue and rent=4, Cultivating expenses including wages of labour, purchase of cattle, seed, manure etc, =23.0, Improved agri-implements=1.0, Field Embankments and other land improvements=10.0, Purchase of land etc.=11.0, Litigation=2.0 and Business=2.0.

compounded yearly. It may be seen[1] that the amount of debt would be about Rs. 83,000 after the period. If the interest is compounded half-yearly, it would be more than one lakh of rupees at the end of the period. Thanks to the legislative fixing up of the ceiling as 6¼% on the rates of interest to be charged, the dominating role of high rates of interest in the drama of the indebtedness of the Indian peasant is relegated to the background. The recent debt legislation enacted in the various provinces since 1937 with the advent of the popular Ministries, has reduced the evils of high rates of interest and hence the question may not be so significant at present as in the past. That there are ways of evasion for any legislative measure cannot be ruled out so long as the ryot is not provided with ample credit facilities by co operative societies and/or by Government directly, cheaply and on favourable terms. Stray cases were brought to the notice of the present writer in his tours that one of the devices employed by some unscrupulous money-lenders to by-pass the provisions of the law regarding the maximum rate of interest to be charged on loans, was by entering in the promissory notes amounts more than actually advanced as principal to the debtor, in order to make good the difference between the legal rate and the rate they actually were charging on loans. Advancing of loans against pawning of jewellery, gold, and silver articles seemed to be on the increase.

Government Action

Government Action consists chiefly of (a) direct state aid (b) Legislation and (c) aid to co-operative movement. Since long,

1. The formula for compound interest is $A = \left(p+\frac{r}{100}\right)^{n}$ where A = total amount, P = principal, r = rate of interest per year, and n = number of years or period for which the amount is to be calculated.

Substituting we get $A = \left(1+\frac{12}{100}\right)^{100}$

$= \left(\frac{112}{1}\right)^{100} = 100\ (\log. 112 - \log. 100).$

$= 100\ (2.0492 - 2) = 100\ (0.0492)$

$= 4.92.$

Taking anti-log, we get $= 8318$

∴ A or total amount after 100 years = Rs. 83,180 or in round figures Rs. 83,000.

Note :—Similarly, at higher rates of interest of 18% simple interest charged commonly, the interest in debt in a generation can be calculated.

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the Government has adopted all the three methods, but we discuss the third one in detail, briefly passing in review the first two.

(a) *Direct State Aid*:—It relates to the relief granted or loans given by Government under the regulations of the Famine and the Revenue codes in "distress conditions." Direct credit for both short term and long term needs have been provided by means of *takkavi* loans under the provisions of the Agriculturist's Loans Act and the Land Improvement Loans Act, passed according to the recommendations of the Famine Commission. The Agriculturist's Loans Act provides for granting of credit for current and short term requirements like expenses of cultivation, purchase of manure, seeds, etc., while the Land Improvement Loans Act for long-term requirements like making permanent improvements in land, and even for payment of old debts, purchase of cattle, etc But generally assistance is given occasionally, and often, under distress circumstances as a measure of relief. Extensive use has been made of these measures in recent years by the Revenue and Agricultural departments in connection with the 'Grow More Food Campaign'.

(b) *Legislation*:—Legislative measures calculated to provide relief from indebtedness and protection of the peasants from the tyranny of the moneylenders have been enforced at various periods in the province, e.g., the Land Improvement and the Agriculturists Loans Act referred to above, the Insolvency Act the Debtor's Protection Act and the Usurious Loans Act as amended in 1935 apart from legislative measures undertaken to facilitate the growth and establishment of Co-operative Societies and Land Mortgage banks. But the two important measures passed immediately after the Congress coming into power were the Debt Conciliation Act of 1936 and the Madras Agriculturist's Debt Relief Act of 1938.

The Debt Conciliation Act of 1936

Though attempts were made earlier in 1934 for undertaking such a legislation, it could materialise only in April 1936 and come into force from 1937. In actual working, it was found inadequate and defective in many ways. It was based on the principle of 'persuasion' as opposed to 'compulsion' at all stages, *viz.*, in the matter of approaching the Conciliation Boards, approval of the award of the Board by the creditors and the enforcement of such an award in absence of coercive powers vested with the

Board, or regarding credit facilities for payment of the scaled down debts immediately by debtors under the Act. The Boards could take up only such cases where either a creditor or a borrower approached them by application. It was usually the debtors that applied for conciliation, but the creditors could render the award ineffective if creditors of more than 50% of the debts concerned should signify their disapproval of the award by remaining intransigent. The conciliation machinery also was found complicated, cumbersome and inadequate to deal with a large number of applicants at a time. Since no arrangements were made under the Act to enable the debtors to repay their debts *after conciliation*, the creditors did not find interest in the working of the Boards, because they could only effect scaling down of their debts and not their prompt repayments. The following are the results of the working of 43 Debt Conciliation Boards in the province, till they were abolished in 1944.

It may be seen that out of about Rs. 527 lakhs involved in all the suits, the Boards could conciliate suits amounting to less than Rs. 41 lakhs, the amounts scaled down being only Rs. 19.5 lakhs or 3.7% of the value of total number of suits brought before the Boards or about 50% of the value of debts in which conciliation was effected. If it is assumed that Rs. 250 crores was the volume of total indebtedness of the province in the year 1943, the Conciliation Boards could effect their operations during the five years (1939—40 to 1943—44) in about 0.41 crores of debt or about 1/600 of the total indebtedness in the Province.

The Madras Agriculturists' Debt Relief Act of 1938

It is a radical piece of legislation. The pre-depression debts incurred before 1st October 1932, were to be settled according to the principle of *damdupat*, so that the total amount (principal and interest together) to be paid to creditors should not be more than twice the original sum borrowed. All arrears of interest outstanding on 1st October 1937 on debts contracted before 1st October 1932 had to be written off and the rate of interest to be paid was fixed as 5% on all debts incurred in the five post-depression years (1st October 1932 to 1st October 1937), and 6¼% as the maximum rate of simple interest on all agricultural debts in future, secured and unsecured. The following

† Vide Report of the Economist for Enquiry into Rural Indebtedness, 1946 opp. cit., Ch. vii, P 52.

Results of working of Debt Conciliation Boards during 1939-40 to 1943-44 in the province.

Details.		1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	Total.
1. Number of suits filed for conciliation	...	14,118	5,827	3,032	1,229	228	24,464
2. Number successfully conciliated	...	1,981	887	177	68	5	3,113
3. Amount involved in all the suits	Rs.	2,31,08,085	1,44,21,629	1,02,85,427	44,09,065	5,18,910	5,27,38,106
4. Amount of debts in which conciliation was effected	Rs.	17,27,943	14,88,451	6,69,960	1,88,179	5,127	40,79,660
5. Amount scaled down by conciliation	Rs.	7,48,701	8,29,370	2,95,281	80,779	2,044	19,31,175
6. Percentage of (5) to (8)	...	3.2	5.8	2.9	1.8	0.4	3.7

were excluded from the operations of the Act: (i) debts due to a woman upto a maximum of Rs. 3,000 under principal (ii) usufructuary mortgages in which no interest was stipulated (iii) debts due to co-operative societies, of municipalities or unions on the security of house property, and of joint stock banks bearing 9% and below interest (iv) those agriculturists who have been assessed to income-tax, or assessed to profession tax on a half-yearly income of more than Rs. 300, or those paying property or house tax with aggregate rental value of more than Rs. 600, and the Zamindars under the Madras Estates Land Act or Jenmies under the Malabar Tenancy Act paying a land revenue of over Rs. 500, and Inamdars paying a quit rent of Rs. 100 and over.* However, the big landlords in the ryotwari areas paying land revenue of over Rs. 500 were not similarly excluded.

Working of the Madras Agriculturists' Relief Act during a period of 7 years and 7 months ending 30th September 1945 †

		(Rupees)
(1)	Amount involved in applications under Sections 8, 9, 13, 19, 19A and 21. ...	9,54,66,104
(2)	Amount as scaled down during the period ...	4,57,12,593
(3)	Amount of reduction by scaling down and percentage reduced. ...	4,97,53,511 (52 per cent.)
(4)	Number of cases disposed of during the period.	2,03,874
(5)	Number of cases pending at the close of quarter ending 30th Sept. 1945 against 988 cases disposed of during the quarter. ...	654

(*N. B.*:—Cases voluntarily settled by parties without going to courts are not included in above figures).

It may be noticed that the amount reduced by scaling down in the period was about Rs. 497.5 lakhs. If we assume that the amount

* *Note*:—Another kind of relief given by the Act was regarding rent debts. If the rents for the years 1937-38 and 1936-37 were paid before 30th September in 1938 and 1939 respectively, arrears of rents for previous years due to the non-ryotwari tenure holders mentioned above would be treated as cancelled. In order to prevent crediting the rents paid by tenants against previous years, it was laid down that rents paid by tenants should first be credited against dues for 1937-38 and then for 1936-37.

† *Vide* Report on Enquiry into Rural Indebtedness, opp. cit, p. 53.

of reduction effected in voluntary settlements by the parties themselves was more or less the same, say Rs. 5 crores, the total reduction of debt in the period would be to the tune of Rs. 10 crores, half of which was brought about as a result of the working of the Act. It may be remembered that an effective working of the provisions of the Act were rendered difficult by several factors, particularly the opposition of powerful vested interests and the unfavourable decisions of the Madras High Court as well as the Federal court in some cases.

(c) *State Aid to Co-operative Movement* :—The State aids the co-operative movement in many ways. In fact, in India, the co-operative movement was initiated and nursed by the State as 'its sole friend, philosopher and guide.' As stated elsewhere, it has been complained that there has been consequently much of the State bureaucracy closely associated with the co-operative movement in India with the result that the movement is unable to stand on its own legs and develop spontaneously in many parts. The State aid consists in giving facilities of audit, technical personnel, guaranteeing the debentures floated by land mortgage banks, etc., and favoured treatment in application of legislation as seen above.

Co-operative Credit

General Observations :—The co-operative movement was started in India with the passing of the co-operative credit societies Act in 1904 with the object of providing cheap credit to agriculturists. The scope of the movement was widened by an amendment to the Act made in 1912 for organising non-credit societies and central societies to finance the primary banks. Although about 45 years elapsed since its inception (during which it passed through depressing cycles of growth, deterioration, reconstruction and expansion), it failed, generally speaking, to show healthy signs of spontaneity in its growth during the tenure of its past life. Till the outbreak of World War II, the movement was largely one-sided in its development, mainly in the direction of provision of credit, and the progress made in other directions of a non-credit nature was very little. Even on the credit side, the results achieved have been meagre—might be so disproportionately low when compared to the money spent and propaganda carried on by Government and by co-operative agencies on the movement. After a long period of 45 years, the organisation has proved itself ineffective either in solving the problem of agricultural debt or

in providing a cheap credit service to the mass of the rural people. Still it may be said to be in its infancy and has not substantially developed much beyond the cautious experimental or the propaganda phase in many parts of the country.

Extent of Service.—In the year 1942-43, the total number of agricultural credit societies in British India was 95,146 with a membership of 3.46 millions out of which the 'A' and 'B' class societies, considered efficient, constituted a small percentage. Assuming that one member represents a family of five, only 5.1% of the rural population are benefited by co-operative credit. The loans advanced in the year were Rs. 480.96 lakhs and the amount outstanding was Rs. 1,582.06 lakhs out of which about 50% was overdue. From these figures it may be seen that the co-operative credit could touch only about 5% of the rural people and cater for about 2% of their total credit requirements.* The chief financing agencies for providing credit have been mainly the indigenous moneylenders and bankers, as may be seen from the data available from the Provincial Banking Enquiry Reports, 1931.

Madras		C. P.		U. P.	
Moneylenders	31	Moneylenders	82.71	Town Moneylenders	28.3
				Village Moneylenders	5.1
Landlords and ryots	47	Landlords	11.8	Landlords	39.9
Cooperatives	17	Cooperatives	2.89	Tenants	13.7
Government	3	Government	2 6	Cooperative	5.3
				Government	2.0

Problems of Cooperative Credit† :—We restrict our attention here mainly to pointing out the drawbacks or some of the peculiar problems of cooperative credit and suggest the broad lines of improvement. In the first place, the rates of interest charged by cooperative societies are usually much higher than the maximum rates fixed by Provincial Governments in recent legislation for private moneyenders. The rates charged by primary credit societies from their

*Note:—In those areas and provinces where the movement could make some headway, the position is slightly better. In Bombay Province, for example, the number of rural credit organisations by the end of June 1946 was 4,796 out of which 264 were multi-purpose societies with a membership of 20,925 and the rest were agricultural credit and thrift societies. The total membership of these societies (2,32,282) on the basis of one member representing a family of five would amount that 7.5 per cent. of people are benefited by cooperative credit. It may also be noted that about 58.9 per cent. of the total working capital of the rural societies is contributed by the societies and their members.

† See Report of the Agricultural Finance Sub-committee, Govt. of India, 1945, pp 49-52.

members during the years 1941-42 and 42-43 were found as 7½ per cent. in Madras Province, in Bihar 8⅜ to 15⅝ %, 9⅜ per cent. in Bombay, 12½ per cent. in Bengal, 7 per cent. in C.P. and Berar, and only in Punjab they were found less than the legal miximum of 6¼ per cent. in certain cases, the rates ranging from 2 to 12½ per cent. These high rates of interest payable on cooperative loans by members may seem nothing short of penalising people for having become members and borrowed loans from cooperative societies instead of from moneylenders at the legal maximum fixed by legislation. The high rates charged by cooperative societies may be due to high costs of administration in view of the small size of the primary banks. The lowering of the rate can be effected by subsidising the cost of administration by Government and also, as it is recommended by the Agricultural Finance sub-committee, by granting loans to the Provincial Banks at a concession rate of 1½ to 2 per cent. below the Bank Rate, instead of 1 per cent. permissible under the existing provisions by the Reserve Bank for financing seasonal agricultural operations and marketing of crops.† Even then, it is doubtful whether the agriculturists would be able to obtain loans from the primary societies at a rate of 6¼% and below, particularly in back-ward areas unless the cost of administration is also subsidised or Government itself undertakes the task of providing credit directly to the ryots.

Secondly, it is usually complained that much delay and inconvenience have to be undergone for getting loans from the societies. Sometimes members have to wait for months together after applying for a loan, and when their loan applications are granted, the amounts won't be disbursed immediately to each of the applicants but in lots once or twice in a year. A procedure of its kind naturally drives the

† In fact, a rebate of 1½ per cent. was offered by the Reserve Bank in 1946.

Note: It may be argued that it is unfair to make much about the high rates of interest charged by the co-operative societies. For, firstly, the rates charged by co-operative societies are relatively much lower than the rates paid by the peasantry in their dealings with the moneylenders. Secondly, if all the requirements of a farmer are supplied by co-operative agencies, eliminating the middleman or moneylender, it does not matter much even if he has to pay a little more by way of interest to the co-operative society. It is gathered that unless there is a margin of 4% for covering the charges of administration of the Central and the Primary banks, it is not possible to carry on work under the existing conditions. If the minimum number of members of the Primary bank is raised from 10 to 20 or 25, the costs of administration may be reduced and greater financial stability of the unit secured.

people to the doors of a moneylender in the meanwhile, and no wonder that in a good number of cases the sums so advanced by societies are actually used for repayment of debts already contracted from moneylenders or landlords for the same needs for which they applied for loans to the primaries. Improvement is possible in respect of these drawbacks in some of the following ways. No doubt some time is necessary for scrutiny of applications and no uniform procedure for advancing loans can be laid down on account of the variations in the cooperative-structure in different provinces and regions. However, at the beginning of each financial year the borrowing limit of each member and for each society can be fixed within which a member can take loans whenever he requires during the year without any necessity of waiting till the entire round of scrutiny and sanction of his application is completed. Societies of sound financial position may be allowed to keep some cash with them for disbursing loans of small amounts without their going to the financial agency for the sums required. It may be noted that members of some cooperative societies in the Province (Madras) 'are allowed cash credit on mortgage of unencumbered landed property upto 50% of its value they require.' It is needless to emphasise that in order to make credit available to every member in a society as and when he actually needs it, a system of estimating well in advance the financial position and the needs of the members each year and in course of the year, if wide changes occur in the meantime, as well as planning for securing such sums from their financial agency have to be properly developed.

Third is the rigidity of collection of instalments. No doubt, extensions may be allowed to tide over temporary difficulties in deserving cases, but as a rule wilful defaults should not be tolerated and the societies should be equipped fully to take coercive action if it is found necessary against defaulters, since it must be remembered that cooperation is bodily a business proposition also, and not a conglomeration of philanthrophic or charitable institutions.

Fourthly, the people are largely individualistic in their outlook and proper understanding and belief in the effective way of group action has to be fully roused in their minds as a prerequisite for the growth of a full-fledged cooperation in the country. The people being illiterate, it is difficult for them to understand the principles of cooperative societies and it is stated that in some parts of the country, the members had to wait till the visit of the cooperative auditor or

inspector for filling in the loan application forms. Where the movement has achieved something, it is due to the untiring efforts of a few individual cooperators, who personally have very little need or interest to obtain benefit from the societies as such but who are keenly interested in the success of the movement in the country. The political background was stronger than the economic. As a matter of fact, the cooperators in India happened to be largely some of the distinguished non-cooperators (or those who took active part in the non-cooperation movement of the Congress Party)! Cooperation, to be successful, necessary conditions must be created so that natural growth takes place out of the strength within and not by that artificially imposed from outside.

This leads us inevitably to the wider issues of structural problems of cooperative credit societies and the farmer's economy. Considerable controversy is gathered round the limited *vs* unlimited liability of the members. The *Raiffeisen* system which was adopted in India since the inception of cooperation, stands for unlimited liability which fosters a sense of watchfulness and collective responsibility of the members of a society. Apart from its merits in the moral plane, the principle is the very essence of cooperative spirit and it is better if we retain it as far as possible, if we are going to build up a socialist economy in India under a well-developed cooperative framework. But at the same time there is no use to be dogmatic. If limited liability is found to induce greater number of substantial farmers to join cooperative societies in any place, which unlimited liability scares them away, the liability of societies may be limited to the value of share capital raised by the society or to a certain multiple of the value of shares so subscribed.

Further, the cooperative credit can be made more effective, if credit is also integrated with marketing as well as consumer's stores. The operations of credit societies can be linked to those of sale societies by stipulating that the farmers who have taken loans from a credit society should dispose of the produce of their lands through a sale society attached to the credit society, so that recoveries can be effected through the sale societies out of the sale proceeds. As pointed out by the Gadgil Committee,[1] "A proper application of loans

1. *cf.* This has been attempted in certain areas in Madras under what is popularly known as the scheme of controlled credit. " The essence of this scheme is that loans sanctioned should be disbursed to members in instalments as the need for the purpose for which the loan is given arises and the loan given should be recovered out of the income obtained by the application of the loan,

by the members can be ensured partly by supplying agricultural and household requirements of the members in kind and partly by strict supervision over the operation of the societies. The cooperative societies might establish direct relations with purchasing unions and consumer's stores which would supply the goods to the members by debit to the society's account. In the absence of such organisations the requirements might be supplied as far as possible by the society itself. In doing this, the society should work on the indent system and should not undertake any trading risks. Thus, the credit societies should work in close coordination, on the one hand with the sale societies and, on the other, with consumer's stores." [1]

Finally, land mortgage banks are best suited for providing long term credit in view of their specialised staff for valuation of properties and examination of titles to deeds and provision for raising long-term funds through debentures. The credit societies have to restrict their activities to the field of short term and medium term finance leaving the realm of long-term credit entirely to the land mortgage banks or Agricultural credit corporation, if created. At present the credit provided by land mortgage banks has been used considerably for repayment of old debts. If debts after their scaling and adjustment are taken over by these banks, their work would be heavier in this line. A suggestion has also been put forth that Government have to entrust the work of disbursement of loans made at present by Government Revenue Officials under the provisions of the takkavi loans to the land mortgage banks. It is unfortunate that the land mortgage banks have not been established in sufficient number in other provinces except in Madras to play a significant role not only for making long-term loans for payment of old debts or settled debts of the farmers under the Debt conciliation provisions but to provide, to a large extent, credit for improvement in land and development activities

i.e., if a loan for cultivation expenses is sanctioned, it should be disbursed in instalments as the cultivation operations progress and the loan should be collected from the sale proceeds of the crop raised. For this purpose a member is asked to execute an agreement to sell the produce either through the society or the sale society to which the village cooperative is affiliated. The dues of the member to the village cooperative or a land bank are deducted by the sale society from the sale proceeds of the produce and the balance is remitted by it to the member. Through a coordination of the work of agricultural credit societies, central banks, sale societies and land mortgage banks, credit is linked up with marketing and every stage of the application of the loan, *i.e.*, from the stage of cultivation to the stage of sale of produce, is supervised and controlled." Quoted in Gadgil Committee Report on Agricultural Finance, Opp. cit. pp. 51.

1. Ibid, p 52.

for planning and reconstruction of agriculture in future. In fact out of 273 land mortgage banks in India in 1943-44, 120 were found in Madras. The Gadgil Committee recommend that in order to encourage the use of development finance accorded by the banks, the prevailing interest rates have to be brought down to 4 per cent. through Government subsidies, as in the case of the Agricultural Mortgage Corporation of London.

The Reserve Bank and Rural Credit

Under section 54 of the Reserve Bank of India Act, 1935, a separate section known as the Agricultural credit department was created with the objects of (a), to maintain an expert staff to study the problems of rural credit and to tender their expert advice to institutions and organisations which seek such advice and (b), to coordinate the operations and relations of the Reserve Bank with the Provincial Cooperative Banks and other banking institutions connected with agricultural credit. The A. C. D. of the Reserve Bank is empowered to engage in certain transactions with a view to give active help to rural credit in the country. Under sections 17 (2) (b) and 17 (4) (c) and (d) of the Reserve Bank Act, the Bank is given powers for granting financial accommodation to finance agricultural credit requirements. During the period of fourteen years of its working, the attitude of the Reserve Bank has been subjected to much controversy and criticism in the country and many cooperators and the people at large are disposed to think that the policy followed by the Bank so far has been unduly conservative and less helpful.

How far is this view correct? How far has the Reserve Bank discharged its function of giving financial accommodation to the benefit of the agrarian economy of the country within the limits of the provisions of the Act? In the first place, with a view to bring the indigenous bankers in direct contact with the Bank like the scheduled banks, the Reserve Bank prepared a scheme in August 1937 on the basis of the recommendations of the Central Banking Enquiry Committee to extend rediscounting facilities to the indigenous bankers directly, on condition that they could strictly confine their activities to legitimate banking business tentatively for a period of five years, maintain proper accounts, get them inspected and published. However, in 1941 when the Reserve Bank contacted the Bombay Shroff's Association in the matter, though the Shroff's

Association agreed to the proposals of the scheme at the beginning it could not assure at the end the exact number of indigenous bankers ready to join the scheme to start with. Hence the scheme had to be discarded. Again another attempt was made in January 1938 for providing finance for marketing agricultural produce through the moneylender. The Bank offered to rediscount bills of approved moneylenders at concession rates through the scheduled banks, drawn for making advances to agriculturists against secruity of produce, provided the benefit of low rate was passed on to agriculturists. The scheduled banks, however, declined it on the ground that they were not in a position to assess the credit of the moneylenders; nor would it be possible for them to dictate the rate of interest to be charged by the moneylender from the cultivator on the strength of the bills of agricultural produce. Hence the scheme fell through.[1] Thus the Reserve Bank's efforts to utilise the services of the private moneylender directly or through the scheduled banks proved futile.

Next, let us turn to its efforts to utilise the services of the cooperative societies through the provincial banks for the cause of assisting rural credit in the country. According to the interpretation of the legal advisers of the Reserve Bank on Section (4) (d) the Bank can transact on the strength of warehouse receipts or warrants issued against pledged goods in actual possession by a public body like a market committee, or a railway authority or a business corporation controlling such ware houses. In absence of adequate warehousing facilities or the railways not giving full particulars of goods in the railway receipts, it is hardly possible to develop such commercial paper for obtaining help from the Reserve Bank. The Warehousing Bill drafted and circulated to all Provincial Governments and some of the major Indian States by the Agricultural Credit Department could hardly enlist the assent of two or three princes to undertake legislation on the matter duly modified if necessary to suit their local conditions. The value of a system of licensed warehouses and development of such negotiable paper is immense, but under the conditions obtained in India, the provision could not go beyond the Statute book unless the section is suitably amended or differently interpreted.

1. *Vide.* Rural India, April 1949, pp 151-53.

There is yet another provision under section 17 (2) (b) † which also covers papers drawn or issued for the purposes of financing seasonal agricultural operations and the marketing of crops maturing within a period of nine months. Though the provision holds great possibilities, the Reserve Bank appears to be niggardly in making use of the powers under the section by laying too rigid an interpretation on the word "good", that under the ruling conditions of cooperative movement and its structure in India, it is really difficult to obtain such signatures in practice. The conditions which the cooperative banks have to satisfy to assure the Reserve Bank of their soundness were laid down in a second circular issued by the A. C. D. of the Reserve Bank on 12th June, 1939. Under sections 17 (2) (b) and 17 (4) (c), it may be remembered that a concession rate of 1% below the bank rate was offered in 1942 for financing crop marketing, provided the benefit accruing thereby was passed on to the cultivator. The rate was again increased from 1% to 1½% in 1946. It is important to note that only one provincial cooperative bank availed of the facilities so offered to the sum of Rs. 3.55 lakhs by the end of 1947. To quote the Annual Report of the Central Board of the Reserve Bank, 1939 "no cooperative or Sheduled Bank has so far approached the Reserve Bank for financial accommodation against agricultural paper." This sums up the whole situation. It does not suggest or imply that the banks concerned do not need financial accommodation, but knowing the things as they stand, they must have considered it probably not worth while to approach the Bank for help.

As seen from above, the Reserve Bank is known more by its failures than by its achievements in the past one decade in the matter

† The section runs as follows : " Promissory notes of any scheduled bank ········, provincial cooperative Bank······*supported by documents of title to goods which have been transferred, assigned or pledged* to any such bank as security for a cash credit or overdraft granted for bonafide commercial or trade transactions, or for the purpose of financing seasonal agrieultural operations or marketing of crops."

The clause authorises the Reserve Bank to carry on and transact the following business · " The purchase, sale and rediscount of bills of exchange and promissroy notes drawn either in India or in Burma······bearing two or more good signatures, one of which shall be that of a scheduled bank, a provincial cooperative bank ···· and drawn or issued for the purposes of financing seasonal agricultural operations or the marketing of crops, and maturing within nine months from the date of such purchase or rediscount exclusive of days of grace."

of agricultural finance. It has followed a policy of over-caution and pursued a line of futile action.[1] To take a judicious view of the matter, however, the fault lies somewhere else also. The Reserve Bank is not entrusted with funds to finance directly the agriculturists for short-term or long-term requirements. It has to finance through the Provincial Co-operative banks or to make use of the existing faulty framework of co-operative structure in addition to absence of a well developed market in Trade bills like warehouse receipts, etc., as in other countries like England. With the passing of the Transfer to Public Ownership Bill in September 1948, the Reserve Bank is nationalised. It is, therefore, expected that the Bank would either amend suitably some of its provisions or give a more elastic interpretation of them so that the Bank may be really helpful to rehabilitate the agricultural economy of the country, instead of insisting rigidly on conditions laid down for its offering financial accommodation which were proved very difficult to be obtained under the existing circumstances. The Bank may do well by eliciting public opinion and especially the suggestions of the Provincial Banks with a view to enable it to render the maximum help with minimum adjustments to the agriculturists.

In this connection the following suggestions may be noted. The National Planning Committee on Rural Marketing and Finance strongly recommend that "under section 17 (2) (b), the promissory notes of primary credit societies or of central banks bearing on them the additional signature of a co-operative provincial bank should be eligible for rediscount at the Reserve Bank of India. We strongly recommend that, as an experiment, a number of co-operative central banks and/or societies from among the best existing at present, should be selected and that the Reserve Bank should declare its willingness to rediscount their promissory notes on condition that

1. The Chief Officer of A. C. D. in a recent article published in the monthly bulletin of the Reserve Bank defending the policy of the Bank wrote that it "all along adopted a nursing or a fostering attitude towards the co-operative movement. But, its attitude, if the metaphor may be continued, is not certainly that of an indulgent mother spoiling the child, but that of one, anxious to bring up a sound and healthy off-spring". In fact the attitude was one of inaction and, to use the unhappy metaphor, was one of a step-motherly affection towards co-operative movement so far.—See : 'The role of Reserve Bank of India—Scheme of Agricultural Credit by S. Rajaratnam *Vide* The Madras Journal of Co-operation, February 1948, pp. 351-57.

these notes also bore the signature of co-operative provincial bank".[1] Similarly, the legal interpretation on sec 17 (2) (d) should be altered so as to advance funds on documents of title only bearing the signature of a provincial co-operative bank. The acceptance of debentures of land mortgage banks as security for advances by the Bank to make them more popular and increase their marketability may be reconsidered.[2] Similarly a certain proportion (say 25%) of the amounts of the promissory notes deposited by the primary banks from its members and bearing the signatures of the central and the Provincial banks concerned, may be advanced as a loan by the Reserve Bank. In fact this will be more effective in practice than discounting debentures of land mortgage banks, since land mortgage banks are not developed fully in all provinces alike. The loan period of nine months is short and it may be extended upto one year (or even for 15 months) as in vogue with the Rural Credit Department of the Commonwealth Bank of India to grant financial accommodation through the provincial bank. The entrusting of funds to the Agricultural credit department on the pattern of the Rural credit department of the Commonwealth Bank of Australia, and the desirability of setting up a new long term mortgage department of the Reserve Bank as found in the Australian Agricultural Mortgage Department of the Banks of Iceland and Costarica should be fully investigated.[3] The Reserve Bank has to exploit further the possibility of utilising the services of the indigenous banker or village moneylenders for financing rural credit within its orbit. Above all, the Bank should not be guided strictly by the 'measuring rod of a banker or a moneylender' in the matter of granting financial accommodation. But, as a premier and a national institution responsible for agricultural development in the country, instead of trying to find out loopholes in the present credit organisation or refusing to assist unless the conditions laid down by the Bank are fully satisfied, it must realise that it is also its responsibility to do all in its power to create *those conditions* and to set right the cooperative organisation of the credit structure of the country in general even if it amounts to taking a

1. See Rural Marketing and Finance, National Planning Committee series, Bombay, 1947, Ch. XIII, pp. 132-139.

2. cf. The Madras Journal of Co-operation, January 1948, pp. 292-93.

3. cf. Rural India, Opp. cit. p. 158.

little risk † according to the requirements of the bank for purposes of extending financial assistance.

Gadgil Committee Report

During the years 1945—47, various committees were appointed by the Central and by some Provincial Governments to study the problems of rural indebtedness and finance. Of these the Report of the Agricultural Finance Sub-Committee appointed by the Government of India is indeed comprehensive in dealing with the question and has raised some new issues which have engaged the active attention of subsequent committees. Due to the importance of the findings of the committee, the chief conclusions are given below as summarised in the report of the Cooperative Planning Committee, Government of India: (a) *Regulation of money lending*: (i) The money lender is at present the most important part of the agricultural credit machinery and it is not practicable to dispense with his services in the immediate future. He, however, follows many evil practices and his charges are many times out of all proportion to the risk involved, and it is, therefore, necessary to regulate his activities effectively. (ii) A state inspecting and supervising agency should be set up in each province to carry out periodical and surprise inspection of the books of the money lenders in order to ensure that the provisions of regulatory Acts are observed. The agency should also publish

† Cf. In fact, by restricting its offer to banks of 'A' and 'B' class, the Reserve Bank is acting Johnson's patron ..... If it is right for the Government to spend large sums for famine relief in the depressed tracts, it should be right for the Reserve Bank to take some small risk to put the much tried ryot in those areas to stand on his feet...... In fact, the policy of the Madras Provincial Bank has been that the weaker the bank, the greater the help provided by it and that in its subsidy scheme, the weaker banks are given more help.—cf. The Madras Journal of Cooperation, February 1948, opp cit. p. 358.

Note: There are certain tracts in India which periodically suffer from a failure of the monsoon or floods. There are other areas where distress conditions are chronic and almost form part of the cycle of production. Again some particular agricultural communities or classes from certain areas also perpetually work under a deficit economy because of social or economic handicaps such as the backwardness in education or technical knowledge. Agriculturists in such areas, in addition to the gratuitous relief usually afforded at such times should be given adequate special purpose finance at concession rates or the economy of the whole area or of the communities should be reconstructed or rehabilitated by well-planned programmes to eliminate or neutralise the evil effects arising therefrom.—*Vide* Report of the Cooperative Planning Committee, Bombay, 1946, ch. vi, p. 70.

periodical reviews of the working of Debt Acts, since such reviews will bring out the defects, if any, in the existing legislation and make it possible to take timely action to remove them.

(b) *Development of private institutional credit*:—In view of the vast needs of the country and varied conditions obtaining within it, attempts should be made to develop as varied a system of institutional credit as possible. In order to facilitate the supply of institutional credit, marketing should be regulated by law and licensed warehouses should be established and their receipts made negotiable. This will encourage the Commercial Banks to take a greater part in financing agricultural marketing than what they are doing at present.

(c) *Agricultural Credit Corporation* :—Private credit institutions participating in agricultural finance have not yet developed much in India. The cooperative movement also is not in a position to meet all the rural requirements of credit. It is not desirable to extend the present system of state loans, owing to the defects associated with it such as the delay in distribution of loans, corruption of the low-paid Revenue officials, rigidity of collection, etc. It is, therefore, necessary to provide a new source of finance on reasonable terms as an alternative to the present moneylender.

Such a financing agency should be an autonomous Public Corporation established by the State and working under its general supervision and direction. Such Corporations should be set up in all provinces with the exception of those where the Governments feel that the Cooperative financial agencies are so strong and have such a large field of activity that they can make finance available to all credit—worthy borrowers.

The Corporation should provide all types of agricultural credit. Its methods of business should be similar to those of any other institutional agency like a cooperative bank. In providing finance to a borrower, it should take into account the real assets owned by him as well as the nature of his business.

The corporation should deal with the more substantial cultivators directly. The smaller agriculturists should be persuaded to form themselves into cooperative societies or where this is not possible into borrower's groups. The Corporation may finance cooperative organisations in two cases, *viz.*, (1) where appropriate cooperative

banking institutions do not exist and (2) where, although cooperative banking institutions exist, they do not possess sufficient financial resources, care being taken in the latter case to give financial assistance only through the existing apex banks.

The charges which an agriculturist has to pay for his financial requirements are generally very high in India. Agriculture even under the best conditions would find it difficult to bear such heavy charges. In India where agriculture is on any but efficient lines, the rates should be reasonably low for current and intermediate finance and lower still for development finance. The Corporation should, therefore, provide short-term finance at a rate of 6¼% and long-term finance at 4% which appear to be the proper upper limits for such advances. The Corporation will require a certain amount of State assistence in meeting the needs of all agriculturists at these low rates. Such State assistance will chiefly be in the form of not expecting substantial or any returns on the state capital and funds with the Corporation. For financing the less developed tracts the Corporation may require more substantial help from the State as the cost of administration and collection of loans as well as the risks connected with them will be large in those areas. The State may render the necessary assistance by such means as allowing free use of State funds or by directly subsidising costs of administration, of supervision etc.

(d) *Role of Cooperative Agencies*:—The expansion of the Cooperative movement will provide the best and lasting solution of the problem of agricultural credit in particular and the problems of rural economy in general. But the present position of the movement is not such as to encourage much hope that it can play a substantial part in financing agriculture, much less because the sole supplier of rural finance, in the immediate future. However, its share in that field can be considerably increased if it is reorganised and its working is improved on the lines suggested below:

(i) The frozen assets of cooperative societies should be liquified by adjusting their claims according to the repaying capacity of the members in order to enable the societies to resume their normal working.

(ii) The credit societies as a rule continue to be organised on an ultimited liability basis as unlimited liability creates among the members a sense of collective responsibility

and mutual watchfulness. It also enables a society to raise adequate finance which may otherwise be difficult to obtain. However, if the limitation of liability is likely to attract valuable elements to the movement, it may be adopted provided that a substantial part of the funds required by the societies is raised through share capital. The liability of the members may be limited either to the value of the shares or a certain multiple thereof.

(iii) The societies should finance all short-term needs of their members. They may also advance intermediate-term loans for productive purposes to the extent of their share capital and reserves and any intermediate-term loans that they may be able to obtain from their financing agencies.

(iv) The security for advances should ordinarily be personal, the credit-worthiness of the members being assessed on their repaying capacity. But the societies should have a statutory charge on the crop as an additional security for all their seasonal finance. In order to make such a charge effective its wilful breach should be made a criminal offence. Mortgage security may be justified when the loan is comparatively big and the period is long; but even in such cases, it should only be a collateral.

(v) Efforts should be made to grant loans with minimum delay. The system of cash credits to societies with sound management and running credits for individuals should also be introduced wherever possible and responsible officers of societies should be permitted to sanction loans upto a certain limit in an emergency.

(vi) Loans should be advanced only as and when actually required.

(vii) Special attention should be paid to ensure that loans are paid regularly, even coercive measures being resorted to where justified particularly in cases of wilful defaults. The loans for current needs should be

re-payable at the end of the agricultural season. The period for intermediate loans should ordinarily be three years which may in exceptional cases be extended upto five years.

(viii) The rate of interest charged by the co-operative societies to their members is still ordinarily above 9% which, as stated earlier, is too heavy for the agriculturists to bear. The societies should, therefore, make every effort to reduce the rate so as not to exceed 6¼% in any case. The Government should subsidise co-operative institutions in suitable cases for enabling them to reduce their rate to the above limit. This may be particularly necessary where the size or the volume of business of a co-operative society is small.

(ix) The central co-operative banks should organise their business on sound banking lines so that they may be able to raise funds at cheap rates.

(x) An increasing use should be made of the facilities offered by the Reserve Bank of India for advancing loans for seasonal agricultural operations and marketing of crops at concessional rates.

(xi) The efficiency of cooperative finance will be considerably increased if the operations of credit societies are linked up with those of marketing societies. For this purpose, the system of 'controlled credit' operating in Madras should be adopted everywhere with such modifications as may be necessary to suit local conditions.

(xii) The societies should ensure the proper application of their loans partly by supplying their member's requirements in kind and partly by stricter supervision over their operations. For meeting the household and other needs of their members, the societies should have direct relations with purchasing unions and consumer's stores. Where such arrangement is not possible, the societies themselves may supply the requirements as far as possible. But they should do so on indent basis and without undertaking undue trading risks.

Should There Be An Agricultural Credit Corporation?

Broadly speaking, there is a large measure of agreement on the above analysis of the problem of rural credit and the lines of improvement of cooperative societies suggested. No one can deny that the Indian farmer needs larger facilities of rural finance than those hitherto obtained and that the cooperative credit system has not sufficiently developed so as to cater its services to the mass of the rural people. The need for providing urgently an alternate agency to the peasantry other than the moneylender for financing agriculture is real and brooks no delay. There is no opposition even from the orthodox cooperators to effect some reforms within the existing framework of cooperative credit, even if it might amount to introduction of certain structural changes. But differences of opinion appear in the arena when we go a step further and suggest the creation of new patterns of institutions to carry on similar credit activity.

The question is whether there is any necessity of creating a separate Agricultural Corporation in each province or whether the Provincial cooperative banks with suitable reorganisation and State aid can carry on the functions of the proposed Agricultural Corporation. The latter view has been strongly advocated by the reports of the Cooperative Planning Committee and the Agricultural Credit Organisation Committee (Bombay). Their arguments are as follows: (i) It involves much delay for establishment of an Agricultural Credit Corporation with close links with rural areas and with efficient branches. Whereas the provincial cooperative banks and other Central Cooperative Financing organisations which are already in existence on which considerable money and energies are already utilised, can suitably be reorganised, where necessary, to shoulder the additional work of the Agricultural Corporation. (ii) The cooperative societies with their past experience and contacts are better suited to the task. The cooperative movement in some provinces like Bombay and Madras have developed to a high degree and are capable of further expansion rapidly. (iii) It may be agreed that the cooperative societies cannot normally deal with persons who are not their members. But with the introduction of the system of financing "nominal members," the cooperative societies in Bombay could advance loans to non-members also for crop finance. Such a course will extend the benefits of institutional credit to a large number of credit-worthy and substantial cultivators. (iv) The cooperative

movement in some provinces has to its credit the help and honorary services of many capable and disinterested persons. (But it is evident that the good offices of such people may be enlisted for the cause of Agricultural Corporation also in an advisory capacity in course of time). (v) But the most powerful consideration is that "the organisation of a rival agency, buttressed mainly by a large measure of Government support will not only arrest further progress of the co-operative credit movement in this province, but may even lead to its disintegration. If the cultivators can obtain finance from the corporation at rates lower than those charged by cooperative credit societies and are free from all the problems of unlimited liability, etc., some of them may not prefer the membership of a cooperative organisation to dealing with the agricultural credit corporation...... This competition would not only be harmful to the cooperative movement......but likely to divert the energies of the limited number of workers who are available, and fritter away the limited resources of the country without any corresponding benefit to the general public."[1]

In fact some of these considerations are visualised by the Agricultural Finance Sub-committee, when they have observed "the development of the co-operative super-structure is very different from province to province and its strength varies from even district to district in some provinces. It might, however, be that in some provinces Government feels that the co-operative financial agencies are so strong and have such wide scope that all the work that we have indicated as in the sphere of the Agricultural Credit Corporation could be effectively taken up by the co-operative structure itself. In this case there would be no objection, if a separate State Corporation is not set up provided, however, that some means are found for making finance through co operatives available to all credit-worthy borrowers. It follows that the co-operative structure in this case would obtain the same measure and type of aids as those recommended to be given to the Agricultural Credit Corporation"[2]. In short, we may conclude that in provinces like Madras and Bombay where co operation has grown sufficiently strong, the Provincial Co-operative Banks may be given a chance to do the work of the

1. *Vide* Report of the Agricultural Credit Organisation Committee, Bombay, 1947, ch. iii, p. 10-11.

2. Opp cit, ch. v, p. 48.

Agricultural Credit Corporations extending the same facilities by the State as envisaged under the Corporation. But in certain backward regions and provinces, due to structural and other inherent defects in the co-operative movement and economic conditions prevalent, the co-operative organisation has not shown assuring signs to shoulder the task and to deliver the goods. Therefore, to start with, Agricultural credit Corporations may be set up to operate in such areas or provinces like Orissa. Assam, the C. P. and Berar[1] or in certain unions of States as Madhyabharat which are considered economically backward and the results assessed after a period of five or ten years. This is consistent also with the faith of the Congress Governments in "Mixed Economy". It may be noted that the type of institutions recommended by the Agricultural Finance Sub-committee are found to exist in many countries of the world, as the U. S. A., S. Africa, Egypt, Canada and Ireland, side by side with the co-operative organisations in those countries. A strong point in favour of creation of a State agency for financing agriculture is that it will be "*more amenable to planning and control.*"

Organisation of Rural Credit †

The main lines on which rural credit may be reorganised are already indicated in the foregone discussion. However, they may be summed up as follows: A radical readjustment of old debts must be reckoned as an essential step before reorganisation of rural credit. The adjustment must be compulsorily enforced on those debtors who have some hereditory or transferable interests in land irrespective of the application of debtors or creditors for adjustment. Debts due to Co-operative Societies, Municipalities and public bodies or charitable trusts may be adjusted in accordance with the amount of reduction they would be in a position to give. The size of debt has to be scaled down to the present value of the debtor's annual paying capacity over a period of years, (say 20 years) or to a proportion of the value of the real assets of the debtor (say 50 % of the value of his assets), whichever is less. If a person is found so heavily indebted which is considered beyond his repaying capacity, he must be declared insolvent, and the debt adjustment

1. Cf. A Five Year Plan for Co-operative Reconstruction in C. P. and Berar, by K. N. Nagorakatti, Nagpur, 1948.

† A detailed discussion is found in my paper on "Organisation of Rural Credit" (to be published).

Board should take over whatever little immovable property he has. Such persons have to be properly rehabilitated by a suitable Government agency. The adjusted debts may be taken over by the Land Mortgage Banks in the regions concerned according to their choice and the rest should be taken over by the State Agency or by the proposed Agricultural credit Co-operations in some other provinces.

The normal finance has to be distinguished from finance for relief, rehabilitation and development which are to be provided by separate State agencies. In those regions and provinces where the co-operative movement has developed sufficiently strong, the Provincial Co-operative Banks may be given necessary aid by the state (to the same extent as an Agricultural Credit Corporation) in order that it may provide short term and medium term finance through Co-operative Societies and long-term and development finance through reorganised Land Mortgage Banks. Fortunately in Madras Province, without the creation of a separate organisation like the Agricultural Credit Corporation, the Provincial co-operative Bank is capable of carrying the additional functions. However, it may open a separate department specially intended for the finance and development of backward tracts, like the Rayalaseema for instance. For coordinating the work of development and rehabilitation programmes, two administrative sections in the lines of Farm Security Administration and Farm Credit Administration of the U.S.A. may, therefore, be set up. Besides, another section may be necessary for financing the scheme of abolition of the estates in the Province. The cooperative credit system in the province may be reorganised in the light of the improvements outlined under the heading, "Problems of Cooperative Credit." Next is the question of utilising fully the services of the private money lender and of the commercial firms. Licensing, control and regular supervision of the private money lenders in respect of the former and development of branch-banking in connection with the latter are suggested. Proper development of commercial paper like warehouse receipts and railway receipts by establishment of licensed warehouses, etc., is necessary for providing wider opportunities for the commercial banks to play an effective role in financing the agriculturists. It may be pointed out that even in a country like England, branch banking in the country side is remarkable for its cheapness. The credit requirements of the tenant farmer are met by the commercial banks with a system

of branches spread all over the countryside. "For example, the Midland Bank has scores of branches in agricultural districts, where the staff consists of a Manager and a 'junior' who does the work of a messenger (the counterpart of the peon in India) in addition to his clerical duties. Sooner or later, branch banking will have to be developed in India along these lines, if the credit system is to work efficiently."[1] In these ways, a proper distribution of available funds between the rural and the urban areas, between agriculture and industry or business may be effected. To conclude, after all low income is the cause of indebtedness of the peasant, while indebtedness makes credit dear; and again dear credit leads to low income which will perpetuate indebtedness. Therefore the problem can be tackled from the income end by raising it to a level necessary for a kisan to maintain himself and his family in reasonable comfort and efficiency through appropriate means.

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1. Vide Rural Marketing and Finance, N. P. C., 1947, Ch. XIII, PP 131-32.

CHAPTER VIII

FARM TENANCY

Distinction between Tenure and Tenancy

It is important to note at the outset the connotation of the terms "tenure" and "tenancy" and, if possible, to draw a distinction, though subtle, between these concepts in order to have a clear idea about the two words and their proper use. By the term 'land tenure,' it is meant the way in which land is owned or the relation between the landlord and the Government, while the term 'tenancy' implies the principles on which land is cultivated or the relation between the owner and the tenant. The distinction between ownership and tenancy is based on differences in the legal position of the owner and tenant. In the technical language of law, ownership often embraces what is called tenancy in common parlance. Tenancy involves a more complex relationship than tenure. The greater the degree of complexity in these relationships, the more detailed must be the legal provisions to protect the tenants. However, provisions of tenancy legislation are often rendered ineffective if they are set aside by contractual agreements which necessarily serve the ends of the most powerful of the two parties.

Emergence of Land-Leasing and Its Growth

The institution of tenancy in its modern form is only of recent origin, though it cannot be doubted that the custom of payment of a certain share of the produce to middlemen like the Brahmins of the Inam villages, the mirasdars of the southern districts and the native chiefs in the north and south of the province was common in ancient times. The ryotwari system was introduced in the province during the early nineteenth century. The latter half of the nineteenth century witnessed the signs of divorce of the function of cultivation from ownership of land. Large extents of land were leased out to other ryots or labour classes. With the introduction of ryotwari settlement, the survey and settlement operations and the rise in the prices of agricultural produce under a State Government, competent to safeguard the property and vested interests of landholders in land, farm land naturally became a saleable commodity with an adequate

exchange value. Trading capital gradually found its way into land as an investment. Big doctors and lawyers, the bigger men of the official world and other well-to-do people preferred investing in lands which they considered safe. The Brahmins, the Vaisyas and the other high castes who used to own considerable areas of lands gradually showed a slackening of interest in cultivating their lands and preferred leasing out their lands to farming by themselves.

The following figures are obtained from the Census reports of the province regarding the distribution of agriculturists of different types per 1,000 persons supported by agriculture during 1901 and 1931:

TABLE No. 1

Description	1901	1911	1921	1931
Cultivating owners	512	461	398	390
Non-cultivating owners	30	34	56	34
Cultivating tenants	167	225	240	120
Non-cultivating tenants	2	6	32	16
Agricultural labourers	289	274	274	429

Thus there has been a marked tendency in recent decades towards growth of tenancy and for the cultivating land-owner to lose ground to the non-cultivating rent-receiver or rent-payer.

Economic Depression and Tenancy

The great economic depression, whose effects had been more calamitous in this country than in most countries of the world, has only accelerated the pace of this increase in tenancy situation as in any other province[1]. With the fall in prices of farm produce and farm lands, the solvency of many a marginal ryot was rudely shaken which led to expropriation of middle-class and petty landholders, large-scale transfers of land from the cultivating to the non-cultivating classes, increased unemployment and migration and emigration to near or distant parts. In many parts, many pattadars, particularly those of the higher castes and larger landlords where the proportion

1. See Statement No. 2, in the same Chapter.

of family labour constituted in relation to the hired labour is very little or nothing, preferred leasing out a part or whole of their lands to others, as they found that it would be more profitable to rent out lands than owner-farming. In fact, from the depression till the war boom, farming was generally attributed with loss which would vary in extent according to the circumstances of different ryots. Investigation made in the districts of the West and East Godavari and the Kistna revealed that farming by tenants also was found to have resulted in heavy losses[1]. An examination of the consolidated table No. 2 makes it clear that the losses incurred by the tenants were heavy. They again added to their existing debts leading to another cause of increase in mortgage debt and loss of property with the effect of further increase of tenancy.

Degree of Prevalence of Tenancy

The method of quoting merely the total numbers of cultivating landlords the non-cultivating landlords and the tenants for the whole or for the various districts of the presidency may not be competent to throw full light on the seriousness of the tenancy situation, unless the corresponding statistics for areas are also given. For example, it is possible that in a particular village that the number of non-cultivating landlords may be very few and the number of tenants also may not be too many in view of the fact that land is concentrated in a few big landlords and their lands are cultivated by a relatively small number of ryots having large families and also sufficient resources at their disposal for farming large areas of land. It is, therefore, the statistical data regarding areas under different forms of cultivation such as under owner-cultivation and cultivation under tenancy, are bound to give a more accurate picture than the one that can be had from mere number of the agriculturists of different types. It is true that the figures concerning areas will be varying every year, and so, in fact, do those regarding numbers. Hence, in the matter of compilation of agricultural statistics about the position of land tenures, it would be more useful, if equal attention is directed to the collection of accurate data regarding both the aspects of the question.

1. *Vide* Report of the Economic Enquiry Committee (Vols. 1-3) and other connected papers, Government of Madras, 1931.

TABLE No. 2.*

Consolidated results of enquiry into registered leases in 16 villages.

((i) Kistna district (Dry)					(ii) Kistna district (delta wet)					(iii) West Godavari (delta wet)				
No. of Lessees	Average holding owned	Total area taken on lease	Rent per acre	Loss in cultivation during 1928-31	No. of Lessees	Average holding owned	Total area taken on lease	Rent per acre	Loss in cultivation during 1928 31	No. of Lessees	Average holding owned	Total area taken on lease	Rent per acre	Loss in cultivation during 1928-31
	(acres)	(acres)	(Rs.)	(Rs.)		(acres)	(acres)	(Rs.)	(Rs.)		(acres)	(acres)	(Rs.)	(Rs.)
5	nil	15.52	6.0	200	23	0.80	59.01	67.0	2800	10	nil	9.32	64.1	nil
7	0 28	11.41	12.8	nil	8	0.46	31.78	75.0	2260	1	1.50	8.17	20.12	1-0
11	1.42	18.06	15.0	...	47	2 0	91.20	56.0	1270	14	0.80	6.88	64.9	10-0
12	2.60	15.0	24.8	400	17	3.35	47 51	65.0	1750	3	2.50	5.20	73.0	1-0
51	15 0	395.91	11.31	8800	14	11.71	42.08	81.0	3100	3	18.0	17.71	8.0	27-6

* Table compiled from consolidated results of enquiry into leases registered by ryots in 16 villages. *Vide* Report of the Economic Enquiry Committee, Vol. 1-3, 1931, Madras.

In the following table are given the classification of the people (families) and the cultivated extents in some of the villages investigated:—

TABLE No. 3

Village (1)	Number of owner-cultivators (2)	*Number of lessors. (3)	** Number of tenants owning some land. (4)	Percentage of lessors to total land-owners. (5)	Number of tenants who do not own any land. (6)	Percentage of landless tenants to total No. of tenants. (7)	Acreage cultivated by the owners. (8)	Acreage cultivated under tenancy. (9)	Percentage of acreage under tenancy to total cultivated area in the village. (10)
							Acres	Acres	
Harivanam ...	400	225	580	36	240	29	7000	6900	49.64
Tamballapalle ...	2602	58	1115	2.1	500	30.9	2100	2117	50.1
Aragonda ...	220	55	99	11.36	196	66.4	650	702	51.92
Devarapalem ...	96	15	16	7.42	6	27.2	260	42	2 9
Tallapalem ...	387	23	21	4.6	19	47.5	1251	319	20.8
Pedakakani ...	540	945	252	63 6	34	11.9	2840	752	24.32
Pedana ...	745	253	200	25.35	150	42.9	1300	600	31.57
Vedangi ...	460	76	180	14.07	1216	86.9	581	685	54.1
Pulla ...	400	300	50	42.85	600	92.8	4000	2606	39.45
Duvva ...	983	243	170	19.8	100	37.0	2842	1000	26.0

* This includes the number of landholders who cultivate their lands in the village and also lease out a part of their lands. There may also be some cultivating landowners who not only lease a part of their lands in the village but also take on lease some other lands in the same village. Such cases are rare and personal judgment is made use of in describing them as a tenant or lessor according to the areas owned and areas involved in the two transactions concerned.

** It includes small pattadars who cultivate their lands and in addition rent out the farms of others on lease.

In Tanuku taluka, area cultivated by pattadars is 35,636 acres and area leased out is 52,798 acres. The number of cultivating pattadars is about 19,340; number of non-cultivating pattadars about 21,311 who live by trade or services; number of persons who cultivate land on tenancy is 87,695 and number of agricultural labourers is 66,385.

The degree of prevalence of tenancy as seen from the statistics above deviates very widely from the conservative estimates given in some of the Governmental records.[1] Nevertheless, it remains still an indisputable fact and it may be stated that, broadly speaking, conditions in many parts of the province are not more satisfactory.

Causes of Farm-Tenancy

Some of the causes for farm-tenancy have been already indicated in the previous pages, which may now be briefly summed up. In the first place, the rapid growth of population and its pressure on land, the frequent changes in land ownership and the maldistribution of agricultural land have created a great demand for farm land in the face of its supply being limited and controlled by a small percentage of the total population. Ownership of large tracts of land in many villages, near and distant, and migration to urban areas seem to me to be the very powerful reasons. Fragmentation and inadequate size of holdings, differences in soil fertility and variations in facilities with regard to irrigation may be regarded as some other causes. Lastly, the loss or low returns derived from owner-farming and the very high and unregulated tenancy terms ruling in the province in the absence of any tenancy legislation have, indeed, encouraged the growth of tenancy. Farming of land is looked upon as not very dignified, as it is considered to suit only a village rustic. This notion was formerly attributed to the higher castes like the Brahmins and the Vaisyas or the educated youth of the peasantry of other communities. But it is gathered that very recently this has also become manifest among some of the present day youth of many a peasant family. It is stated by many elderly ryots that on account of the pressure of the modern fashionable wife, or in order to keep up appearances, or to gratify their sense of vanity among others, many peasant youths are showing a growing disinclination to take up a plough and cultivate land. The recent tendencies of a false sense of civilization and dignity developing among the hitherto simple and unsophisticated ryot population appear to have created a craze for trade, business or employment instead. Land is leased out not only occasionally, when the pattadar happens to be a minor, a widow, or is for a short while absent from the village, but almost always by certain classes of resident landowners due to indolence or inability to cultivate their lands.

1. See Table No 4 in the same chapter showing percentage distribution of population among agriculturists of different types and others during 1930-31 according to districts.

TABLE 4.

*Percentage distribution of population among different types of agriculturists and others by districts in Madras Province for the year 1930-31.**

District.		Total population in Thousands	Land Owners	Tenants	Agricultural labourers	Total pastoral and Agr. people.	Domestic Service	Indefinite Occupation	Non-working dependants
1. Ganjam ...	P	2,058	8.8	5.4	14.8	30.9	11.7	6.7	40.4
	A	358	9.9	6.0	10.0	32.3	13.5	7.6	42.2
2. Vizagapatam ...	P	2,443	6.0	9.4	11.9	31.1	12.8	8.9	34.6
	A	1,165	5.4	10.9	11.4	32.8	14.6	9.2	38.7
3. E. Godavari ...	P	1,680	8.0	2.9	10.7	22.6	16.2	9.5	40.0
	A	241	17.2	6.2	10.2	35.4	15.1	4.4	39.2
4. W. Godavari ...		1,223	9.6	3.4	18.7	32.5	16.0	1.4	39.6
5. Kistna ...		1,254	11.2	2.0	14.3	28.9	16.5	1.8	41.2
6. Guntur ...		2,036	14.1	0.9	18.5	30.0	16.7	2.0	40.1
7. Kurnool ...		1,025	12.8	0.4	19.3	33.8	6.6	2.9	48.0
8. Bellary ...		970	15.2	1.0	15.8	32.7	16.3	3.0	39.7
9. Anantpur ...		1,050	12.6	1.9	18.8	35.4	14.8	1.2	39.9
10. Cuddapah ...		949	10.5	0.9	15.7	28.8	17.7	1.5	42.5
11. Nellore ...		1,486	11.5	1.0	17.9	32.6	18.8	0.7	39.8
12. Chingleput ...		1,655	10.2	3.1	7.1	21.6	14.7	7.0	46.9
13. Madras ...		647	0.7	0.2	0.2	1.7	17.1	8.0	50.8
14 S Arcot ...		2,455	18.9	2.8	10.0	26.8	15.1	6.4	45.9
15. N. Arcot ...		2,267	15.7	2.6	6.0	25.5	12.5	6.2	48.3
16. Chittoor ...		1,447	15.0	2.1	13.6	32.9	20.8	1.1	38.2
17. Salem ...		2,434	17.7	1.3	10.6	30.5	12.8	4.6	44.9
18. Coimbatore ...		2,445	10.5	1.9	12.0	26.0	9.8	5.7	49.4
19. Trichinopoly ...		1,913	15.8	2.2	12.5	31.5	14.8	3.0	41.9
20 Tanjore ...		2,386	8.8	4.1	9.5	28.1	18.8	4.9	43.5
21. Ramnad ...		1,839	14.8	1.9	4.3	22.1	15.7	6.8	47.3
22. Madura ...		2,196	13.7	1.4	6.9	22.8	12.9	9.6	46.2
23. Tinnevelly ...		2,047	10.3	8.7	9.0	24.1	13.8	4.1	47.2
24. Malabar ...		3,534	1.8	5.3	5.3	13.1	3.8	11.0	61.2
25. Nilgiris ...		169	4.2	1.3	4.4	27.6	14.5	11.5	37.4
26. S. Kanara ..		1,372	4.7	12.4	10.5	28.2	16.2	2.6	43.6
Total ...		46,740	10.7	3.4	10.8	26.6	13.7	5.6	44.6

* Compiled from Statistical Atlas, Madras Province, 1936. P=Plains. A.—Agency.

Ownership of Land—Areas Owned And Rented

Land is owned by a relatively small number of persons. In the year 1930-31, the percentages of land-holders to the total population of the several districts (vide Table No. 4) reveal that the maximum percentage is 17.7, obtained in Salem District, in four districts it is 15 % and over; in twelve districts it is 10 % and above, but below 15%, in five districts it ranges between 5 to 10%; and in the rest of the three districts of the Nilgiris, the South Kanara and Malabar, it is less than 5 %. The average of all the districts is about 10.7 %. It is interesting to note that in Malabar, the percentage of landowners to the total population of the district is as low as 1.8 per cent.

Not only the number of persons by whom land is held is small, but in certain villages, the extents of land held by the outside villagers are considerable. In some cases the extents of the land held by the non-residential pattadars to the total cultivated area of the village may constitute one-third, one-half or even more than half. The non-residential pattadars are, in fact, a real danger to the village solidarity and the prosperity of the villagers. The percentages of extent of land held by non-residential pattadars is greater than the percentages of their number to total pattadars. Table No. 5 shows the total number of pattadars, their percentage to the total population, the number and areas held by the residential and non-residential pattadars in a few villages in 1945.

Owing to maldistribution of land ownership based on anything but efficiency, like rights in private property and accidents of birth to inherit land and riches, the size of the holdings widely deviates from the two concepts of the economic holding and the optimum holding. In other words, we come across families holding either too big an area of land in a village (apart from the acreage held in other villages) with hardly one or two family members who could efficiently supervise the operations daily, or too small and dwarf-holdings which could hardly keep the ryots and their large family as well as their cattle and equipment fully employed. Obviously, in the interests of both the big landholders and the petty ryots respectively tenancy appears inevitable and probably very essential, firstly for cultivation of large areas of big holders and also to provide a living on land for the horde of petty owners and landless tenants.

TABLE No. 5.

Village.	Total population of village (Census 1941)	Total area of patta land (in acres)	Total number of Pattadars	Percentage* of Pattadars to total population	Number of residential Pattadars	No. of non-residential pattadars	Extent held by residential pattadars	Extent held by non-residential pattadars	Percentage of non-residential pattadars to total pattadars	Percentage of extent held by non-residential to total patta land.
Kalugodu	1961	5118	334	17.03	201	133	3418	2700	39.82	52.75
Aragonda	3181	1352	355	11 16	320	33	1050	302	9. 3	23.07
Pedakakani	4254	3092	1485	34. 9	620	865	1242	1850	59. 6	59.83
Vedangi	2815	1265	540	19.17	386	360	686	477	66.66	37. 7
Tamballapalle	3467	4217	486	14.01	486	...	4217	...	..	...
Harivanam	3086	18900	625	20. 2	475	150	10900	3000	24. 0	21. 5

**Note*: It includes number of non-residential pattadars also. In computing this percentage, to be realistic, the total number of pattadars must be multiplied by 5 (the average size of a family including actual workers and dependents) to arrive at an approximate figure of the total number of people supported by virtue of ownership of land.

Table No. 6 throws light on the nature of land-leasing, the composition of holdings, areas owned, areas cultivated and areas rented in 17 villages in Cocanada taluka.

The Lessor Classes

It is perhaps an outdated cheap fallacy still to talk of agriculturists and non-agriculturists, as though there is such a thing as cultivating castes and the non-cultivating castes[1]. Similarly it would be impossible to distinguish the lessor castes and the lessee castes. The extensive tours of the writer in Andhra has disclosed that lessors and lessees are found in all castes and communities, though field labourers are only found from among the Harijans, the depressed castes, and from among the Muslims, the Sudras and Kshatriyas as well. There are cultivating landlords and tenants in all communities from the Brahmins to the depressed castes who personally supervise the agricultural operations and even do much of the work themselves on their fields. In villages like Velicheru, Vaddiparru and Vasantavada (in the East Godavari district) it is interesting to see many Brahmins, even the well-versed in Sanskrit and the Vedas, doing or partaking in almost all the items of the agricultural operations including ploughing. However, some persons may be rightly termed as lessor classes who are occupied in professions other than cultivation of land such as Government servants, lawyers, traders, professional money-lenders, private or public institutions, etc., deriving income from land. The merchants, the big landlords and a few artisans are gradually turning out to be lessors.

Occupation of Lessors

Enquiries made about the occupations of the non-cultivating landholders disclose that a good number of them are non-residential, a few resident women, etc., some employed in profession or trade while many are indolent and unemployed. For example, Gudlavalleru in Gudivada taluka contains 276 cultivating pattadars and 45 non-cultivating pattadars. The respective occupations of the rentiers are: one pleader's clerk, a school teacher, a pleader, a Lock-superintendent, a P. W. D. clerk, three women and the rest 37 are indolent or unemployed. In Nandigama village (Bandar taluka), area

1. In fact, throughout the book, constant endeavour is made to eliminate or reduce to a minimum unnecessary emphasis on the castes and the communa element.

TABLE No. 6

Nature of Land leasing in seventeen villages in Cocanada taluka, East Godavari District :

Village	Number of Cultivating Pattadars and the extent cultivated by them.		Classification of non-cultivating Pattadars or lessors			Number of landless tenants farming on lease	Number of small pattadars or tenants owning some land who cultivate their lands and also contract farms on lease				
	No.	Extent (in acres)	Total No.	Residents	Non-Residents		Number	Total extent cultivated (in acres)	Extent owned (in acres)	Extent taken on lease (in acres)	Percentage of rented area to owned
1. Veerapalem ...	645	3181—81	74	37	37	1	40	530—05	220—35	309—70	140·9
2. Gredapadu ..	388	1928—75	121	49	72	121	59	494—38	222—25	272—13	167·5
3. P B. Devam ...	571	1400—10	259	55	204	44	54	413—60	152—92	260—68	169 9
4. Jagannadhapuram	59	379—83	82	59	28	82	20	187—66	99—57	90—9	90.9
5. Kurada ...	298	914—16	26	22	4	298	298	914—16	794—16	120—0	15.1
6. Chinamamidada ...	92	371—74	21	19	3	92	92	371—74	291—74	80—0	27.4
7. Sripuram ...	56	400—50	40	2	38	5	51	639—71	400—50	239—21	59.7
8. Rajupalem ...	27	141—09	102	25	77	57	77	249—07	44—89	204—18	453 8
9. Paina ...	50	250—0	5	—	5	260	150	630—55	115—30	515—25	447.8
10 Sabejuram ...	180	793—62	105	21	84	55	49	388—24	128—24	260—0	211.4
11. Kandogula ..	125	858—62	150	52	98	85	45	256—19	102—22	153—97	150.9
12. Gandedu ...	150	400—0	60	20	40	200	44	16—40	6—40	10—0	156 2
13. Chintapalli ..	43	209—07	33	2	31	29	26	181—89	80—53	101—36	124.7
14. Chedurada ...	18	54—68	12	—	12	35	23	78—96	58—96	200—0	338
15. Pillanke ...	95	426—74	41	16	25	10	35	100—0	40—0	60—0	150
16. Itepudi ...	35	59—79	47	—	47	59	100	266—76	74—47	192—29	256
17. Penmalla ...	24	158—22	60	—	60	64	68	325—13	45—90	279—23	606

cultivated by pattadars is 628.94 acres, area sublet and cultivated by tenants 408 acres. Number of cultivating pattadars is 438; number of non-cultivating pattadars 136. The respective occupations of the non cultivating pattadars are service (10), widows (12); minors (15); females (14), non-residents (50); small pattadars of village (30) and others or miscellaneous (5).

The consolidated results of investigation into the degree of prevalence of land-leasing among different groups of lessees in wet and dry regions are presented in the table No. 7. They indicate that the number of persons who own small plots of land and also contract others' lands for farming form the bulk of the peasants. Broadly speaking, the average area of the land taken on lease by small ryots is more than the average area owned by them [1]. The largest proportion of the area contracted on tenancy is by persons owning 5 acres and less but over one acre. Land cultivated by landless tenants and petty ryots is also considerable. The average holding leased is less than the average holding owned by ryots owning above five acres. In some villages even big landlords also show a tendency to cultivate land on tenancy due to contiguity of fields or special qualities commanded by the plots as irrigation sources or on commercial interest.

Availability of Tenants vs. Availability of Land to be Secured on Lease

Not even a single case is come across, where difficulty is experienced by the landowners to get tenants. It is said that during the depression due to heavy losses incurred by some tenants on farming tenancy-lands, there was a sense of diffidence prevalent among many ryots to offer high rents. Some preferred to work as farm servants or field labourers or even to migrate to other parts, leasing out their small bits of land rather than to contract land on farm tenancy. Formerly, a certain amount of difficulty was also faced by the landlords to obtain tenants for waste-lands or very poor soils owned by them in certain tracts of the Ceded Districts. Generally, there is no scarcity of finding tenants for good lands on reasonable rents, in the sense as there has been dearth of labour in many regions, made acute in recent years. However, there is a difficulty of another sort. Many

1. See also last column of Table No. 5 regarding the nature of land-leasing in 17 villages.

TABLE No. 7

Showing the degree of prevalence of land leasing among different groups of lessees in wet and dry regions :—

a. Delta (wet) region.						b. Dry region.					
Classi. of lessees according to ownership of land	No. of lessees	Total area owned (acres)	Total area taken on lease (acres)	Average holding owned (acres)	Average holding leased (acres)	Classi. of lessees according to ownership of land	No. of lessees	Total area owned (acres)	Total area taken on lease (acres)	Average holding owned (acres)	Average holding leased (acres)
1. Landless ...	38	nil	68.38	nil	2.07	1. Landless ...	13	nil	54.17	nil	4 16
2. One acre & less ...	9	5.18	39.95	0.57	4.44	2. One acre & less ...	7	1.96	11.41	0.28	1.63
3. Five acres & less but over one acre ...	61	95.20	98.08	1.56	1.60	3. Five acres & less but over one acre ...	18	23.62	36.06	1.81	2.77
4. Ten acres & less but over five acres ...	20	64.45	52.71	3.22	2.68	4. Ten acres & less but over five acres ...	16	46.20	29.3	2.89	1.88
5. Above ten acres ...	17	217.96	59.79	12.82	3.51	5. Above ten acres ...	20	239.9	44.37	11.95	2.22

landlords in the deltas have complained that former honesty and obedience on the part of the tenants is rapidly getting scarce and now it is becoming difficult to find trustworthy tenants. In fact, the real situation is manifested in the other way, namely, that all along there has been a great ordeal to be undergone by tenants to get land on tenancy. Owing to high rise in prices, the rumour of introduction of tenancy legislation and the introduction of the system of "informal rationing" in all the villages due to serious food situation in the province, there has been a tendency, of late, among some landlords to cultivate their lands or at least a small portion of it.

Choice of Tenants

Thus it is in no way an easy task to procure farm land on leases. The choice rests entirely with the whims and fancies of the landholder. Other things being equal, the landlord grants land on lease usually to the highest bidder of rent. Especially during the depression years, landlords used to prefer tenants with adequate property of their own in order that the rent might be recovered, if it fell in arrears. The big landlords are usually not favoured as they may not be so obedient. But absentee landlords at long distances may prefer big ryots if they are gentle and reliable, as it is presumed that land is properly kept and payments of rent are secure as they may be having good deal of farm-yard manure and good income of their own. When a cultivating big landlord leases out his land in the village, he may have reason to choose very poor ryots or farm-labourers as his tenants in order to command constant and assured supply of labour. He may even lower the rates of rent or lease out on a concessional rate or even without any consideration of rent in regions where there is dearth of labour. In other words, the system of tenancy sometimes works out into a method of mustering labour to work on land. Due to pressure of public opinion, preference may be given to a ryot who may be the relative or friend or an agent to whom other matters of the landholder are also entrusted. After taking possession of land due to mortgage foreclosures, the creditor landlord may continue the same ryot to farm the land on lease. In fact, innumerable considerations may be taken into account on both sides before a lease is finally agreed upon or registered between tenants and landlords. But when we ask a landlord about the principles concerning his choice of tenants, his immediate reply would be, "the principle of reliability or trustworthiness." Other things

apart, whether a man is rich or poor, near or distant, unless the lessor is convinced or at any rate does not doubt the honesty and reliability of a lessee a farm will not be leased out to another person.

Tenancy Regions

If the level of rents and hence the extent of tenancy is governed by the simple laws of demand and supply of the classical economists, it is clear that the supply of land cannot be increased, though it may be restricted to a certain extent. Hence the value of land in respect of farm tenancy is largely determined by the demand for it in relation to a limited supply. The demand depends on the existence of dense ryot population anxious to procure land and security of good harvest. The greater the number of petty ryots and farm labourers the fewer the availability of employment in alternate sources, necessarily the greater must be the competition among tenants which will push up the level of rents. The value of farm land for purposes of renting depends also on the amount of yield and security of that yield a tenant expects to get from farming the land, which depends among other things on the soil fertility, good and timely rains and command of regular supply of irrigational water in times of need according to requirements.

The river valleys of the Kistna, the Godavari, the Tambraparni, etc., are the most tenancy-ridden areas. Apart from the Zamindari areas high tenancy exists under the ryotwari in the districts of the South Kanara and Malabar, Tanjore, Tinnevelly, the West Godavari, the Kistna, Chingleput and North Arcot. Farm tenancy prevails at present all over the province. Therefore, if a distinction is to be made among the several districts of the province regarding tenancy situation it may be largely one of degree of prevalence, for farm-leasing is a problem in varied proportions obtained in the deltaic regions and river valleys at the one extreme as well as in the poor and sparsely populated tracts of the Ceded Districts.

The high proportion of tenancy in Malabar, South Kanara, Vizagapatam and some other Zamindaries or allied non-ryotwari districts is apparently due to the nature of land tenures. Whereas the low proportion of tenancy in districts like Anantpur, Cuddapah, Kurnool and in certain talukas of Nellore, etc., and the high percentage of tenancy in Tanjore, Tinnevelly, the Kistna and the Godavari

districts are a result of a combination of causes, the most important being the productivity of land and density of rural population. Even a casual examination of the distribution of tenancy regions with the soil and population maps of the province bears testimony to these observations. That there are other elements also responsible for the variations in tenancy conditions in different parts of the province cannot be doubted. But these appear to be powerful factors.

Land Values and Tenancy

The above discussion only lays emphasis on a point adumbrated in the previous chapter, namely, that fields of high land values are also associated with high tenancy values. Conversely, lands of low exchange prices are frequently the low-tenancy-value lands. It is clear that a farmer as far as possible prefers to contract on lease a land, fertile and conveniently situated; for in order to pay rent to the landlord and in addition to cater for himself and his family at least a minimum living the farm must be good and immune against forseeable losses. In other words, tenants may be prone to contract farms, very fertile and favourably situated, while lands of poor fertility and of other causes which go to depress land values are more likely to be cultivated by the landholders. This, no doubt, generally may be held true, but not necessarily be so in all cases. For example, a good number of cases are come across in many localities, where a big landholder, while leasing out his lands in a village, reserves the best farms for his cultivation and rents out only farms of poorer or second rate fertility to tenants. In fact, ownership of lands of different productivity, if this aggregate extent is large, is considered as one of the causes of land-leasing. Further, high values of lands make tenancy necessary inasmuch as high farm values render acquisition of lands difficult for many a poor and petty enterprising ryot. When high land values are deemed as a cause for increase of tenancy, the other aspect of growth of tenancy might be one of the causes of high land values must not be lost sight of.[1]

Tenancy Types

The tenancy types in the province fall into two broad divisions, viz., the sharing tenancy and the fixed tenancy. The 'Polu' and 'Koulu' systems of the Telugu districts and the 'Varam' and

1. See my paper on 'Land Values in the Madras Province' *Vide* the Journal of the Bombay University, vol. xvi Part 4, January, 1948.

'Kuthagai' types of the Tamil districts roughly correspond to these taken in order. 'Palu' or 'Varam' is a very old form of tenancy where the produce of the farm is divided between the lessor and the lessee in agreed proportions the common proportion being that of sharing the gross produce half and half. This may resemble the 'metayage' system of the European countries. But the system of 'Koulu' or 'Kuthagai' is a pucca lease, where the rent may be fixed either in produce or in cash. There are naturally some variants and variations under each of these (fully discussed in my monograph on 'Sharing and Fixed Tenancy Systems')—in consonance with the local custom, the nature of land, irrigation facilities, the contribution of seed, manure, labour, etc., by lessor or lessee.

Nature of Rents

The rents in case of paddy lands and dry lands cultivated by foodgrains are usually made in kind, say, so many bags of standard weight or so many tooms per acre, whatever be the actual yield from the farm. On garden lands,[1] or lands grown with commercial crops like sugarcane, groundnut, tobacco and at times on dry lands irrespective of the crops raised, rents are generally fixed in money, as so much amount per acre, whatever be the net money return from the land to the tenant.

Factors Entering Into Determiuation of Rents

Several factors enter into determination of rents. Usually the influence that determines rent is the fertility of the soil, facilities for irrigation and the influence and the general status of the tenant. If land belongs to a charitable institution or to a temple or a mosque the rent is low, as land is not maintained in good condition. At times big ryots may pay somewhat high rents for such lands, regardless of the yield obtained. Low rents may be paid for lands of a minor, widow or of the disabled. Ryots may pay also low rents on lands of their relatives,* on lands of those who reside at distant

1. In Madras, irrigated paddy land is commonly described as 'wet land' and the term 'garden land' applied to land under other irrigated crops, e.g., sugarcane, irrigated cotton. Dry land is synonymous with unirrigated land.

* *Note*: The Settlement Officer of the Jawali taluka in his report 1929 states: 'Those who do not remain in the village give their lands to their relations on mere payment of assessment. This peculiarity is due to the Maratha 'clan system' of the belts ·· ····This clan system also explains the low rents in small villages. The landlord, usually a Brahmin, does not get his full rent as the village clan combines and offers a low rent'. *Vide* Revision Report, 1929.

places like the salaried and the professionals, when the affairs of such persons are also managed by the ryots. Lands under litigation or those owned by an undivided joint family, if there is no unity among the family members who frequently run to the tenants for collection of rents without consulting each other or who borrow sums from the tenants for urgent needs for expending on ceremonies, deaths, etc., are paid low rates of rents. Manuring of land has a special importance on the level of rents. If a landlord properly manures and effects improvements in lands he demands high rents. Landlords are found to apply manures and attend to repairs of the bunds and improvements in land, like lowering the level of the field to facilitate flowing of irrigation water, when rents are likely to be lowered for want of the same. Rents paid by the big ryots are sufficiently lower than those obtained from the poor and the landless labourers belonging to the depressed classes and Harijans who are usually rack-rented. Rents on garden lands, heavy and commercial crops are higher even among wet and dry lands. Lands suitable for second crop irrigation (Dalwa crop) command high rents. There will be numerous other factors written and not written among the conditions of leases which enhance or lower the lease values.

Causes of High Rents

The main causes which facilitate charging of high rents are as follows: The most important cause for enhancement of rents is the relative shortage of agricultural land and competition among ryots to lease on land, as holdings of large bulk of ryots are too small to support them or to give them employment.[1] Land is to be contracted on farm tenancy for a low remuneration or anything that is possible for their labour. Renting the farms of others, so to say, has been a subsidiary employment for many ryots who are prepared to work hard, when there is a chance for working, and at the same time who are not prepared to quit their native villages for other parts in search of a full employment. Under the system of fixed rents, especially under the cash rents, lease values have been pushed up to a high pitch. Competition will be keener for a plot situated at a convenient distance of the lands of the adjoining villagers. If a cattleshed, a house

1. Cf. Where the villages are overcrowded by the cultivating classes and where there is keen demand for land for farming, there is a good deal of rack-renting on the coast belt of this taluka (*vide* settlement report of Ankola taluk, 1917, Bombay Province.)

or a well, fruit trees, etc., exist or for lands suitable for seed beds, naturally account will be taken about the special benefits accruing out of these facilities while fixing rents. If a lessee cultivates land on lease from his creditor, he has to pay high rents, as the lease amounts might include interest charges and often payment of a part of the capital.[1] It is common to raise rents, when lands cultivated under tenancy changes in ownership. The Economic Enquiry Committee in the province point out the role of fictitious leases in enhancement of rents. "There is quite a large class of leases in which the amounts entered in the leases are not really payable...but they merely represent amounts entered in former leases and they are now being continued at the same figures." Where the lessee is landless, he is generally at the mercy of the landlord and for him it is no matter whatever be the amount entered by the landlord, so long as he is given land and allowed to cultivate, as he has little to lose except for the services of his labour. But when the lessee is turned out, the rent entered in the lease may give the lessor an additional bargaining power for demanding higher rents. In actuality, the landlord has not benefitted much by this trick, though the practice of entering fictitious amounts in lease deed is not so uncommon.

Rack-Renting

Rent is defined as the price or reward paid to the landlord for the use of the original and indestructible powers of the soil. Rent is sometimes conceived also as a monopoly price derived by the landowner by virtue of a sort of monopolistic position he has for controlling the use of the land possessed. But when the price paid by a tenant is less than the value obtained by cultivation, the tenant will be at a loss. If the residue left after payment of the landlord's share of rent is too low to remunerate even for the cost of the items contributed and for services rendered by him and his family, the tenant is said to be rack-rented.

In course of the enquiries made in the several districts this appears to be the case with many farm-tenants. A detailed

1. "Rent really represents interest, either the interest on money borrowed or in arrears, or the interest on a sum which the tenant, primarily the owner of the land, had received under the conditional sale and hopes in time to repay. There may be little or no relation between the rent paid in such cases and the true rental value of the land." Vide Report of the Special Inquiry into the Second Revision Settlement of the Bardoli andChorasi talukas, 1929 pp. 17-18.

examination into the incidence of rents under the different forms of tenancy and the analysis of incomes of landlords and tenants form the subject matter of the next section. Here only mention is made about the broad features of the problem.

The victims of the rack-renting are usually the rural proletariat coming from the depressed classes like the Malas and Madigas (Harijans), the Gamallas (toddy tappers) and the Gollas (the shepherds). Rents paid by these people, if it is Makta rents (fixed tenancy in kind), are two to three bags higher than the prevailing rates of rent in a village. These may be advanced in money or in kind by their landlords for seeds, payments of hired labour, and expenses of the families, and recoveries are made at the harvests. Charging interest under the practice of 'Nagu' or Dharmavaddi (charitable interest at the rate of 25% or 12½% by the landlords or other creditors may still be seen in some parts like Chittoor). Many tenants have stated in the enquiry that they consider that the produce of the first crop go to the landlord by way of rent, the produce of the crops raised in the second half of the year is expected to meet their expenses of cultivation (generally the cost of their labours and supervision are not taken into account) and ultimately a tenant may be left only with straw. The increasing practice of demanding a portion in straw as well as rentier's share in grain, has the effect of raising rents in reality which has led finally to rack-renting in many instances. In Ellore taluka, it was found from an examination of the family budgets of a number of tenants that there was very narrow margin of profit, perhaps except straw. A pertinent question may arise, then, how they are getting on? Are they living on straw? Really, they are living on straw in the sense they are making their living by grazing their cattle on straw and selling dairy produce and keep cattle and the farm going on. Particularly the Kammas are well noted for making money out of dairy products, though it is remarked that the Kamma women are traditionally partial towards their daughters and manage to see such accumulations only go to benefit their daughters. Rack-renting is sometimes ascribed to share-cropping, as share-croppers are generally poor. In lanka lands in Razole taluka (East Godavari District), sharing system of 4 : 1 is found in tobacco farming. In Tinnevelly district in some parts, the tenant receives a small portion usually one-seventh of the out-turn for his labour, as seeds, manure,

implements, cattle, etc., are supplied by the landlord.[1] The existence of various intermediaries and parasitic interests to be supported on land enhances the dangers of rack-renting. The tenants are fully aware that such farming on tenancy as a full occupation is not profitable and yet they contract land on leases, for some prefer to be labourers on the lands cultivated by them to going as day labourers to toil on the fields of others. Moreover, a tenant has a higher social status than a farmhand and so too his power to borrow. The effect of rack-renting on farm-land is very serious. The tenants as they are poor cannot manure the land properly which results in considerable damage and impoverishment of land.

Land Revenue Assessment and Rents

If rates of assessment of land revenue are deemed a reliable guide to compare high level of rents collected by some of the rentiers the ratio between rents collected and assessment [2] paid may exceed even 10 to 12 times. In other words, if Rs. 10 or 12 is the land revenue assessment payable per acre, rent, expressed in money value of Rs. 100 to Rs. 120 or Rs. 120 to Rs. 144, is paid to the landlord. Theoretically speaking, the revenue demand per acre in the province represents about half the value of the net produce. That the tenants are rack-rented is evident.*

Premia or Advance Payments

The system of payment of premia [3] or nazranas are not only the characteristics of the Zamindari estates; it is prevalent in varying

1. "The peculiar kind of tenure known as 'peru' so common in the precarious wet lands east of Srivaikundam is in effect a compromise between direct management and varam system. The landowner provides the farm, stock and seed and the tenant receives a small proportion usually one-seventh of the outturn." *vide* The Tinnevelly District Gazetteer, 1918, p. 189.

2 Land Revenue Policy in U. P., by B. R. Misra · Benares 1942, Ch. XI, Rents, Revenue, and Prices.

* *Note*: However, the rate of assessment cannot be considered as correct a standard as the value of actual net produce to a tenant after deducting the costs of cultivation (which do not include the value of rent) for purposes of comparison. For the levy of assessment rates are open to many drawbacks which are too wellknown, for instance, they do not take into account the money value of different crops raised on the farm. Rents of Rs 300 per acre are common on tobacco lands, the assessment on which is usually less than Rs. 8 or even Rs. 4 per acre. In such cases the ratio between assessment and rent will be easily about 40 times.

3. The price which the lessee pays to the lessor for obtaining the lease is designated in the section 'Premium', spoken in the vernacular as nazur or nazarana. *Vide* the Law of Transfer in British India, by Sir Hari Singh Gour, Vol. III, Chapter V, Sec. 105.

forms under the ryotwari areas also. Owing to keen competition for land and also the apprehensions entertained by the lessors regarding the solvency and regularity in payment of rents by the lessors, the practice of advance payments are in vogue with some persons in the deltaic villages. Sums equal to one or two years value of rents are made to landlords before a lease is granted. The amounts may be finally refunded to the tenants as soon as the lease expires and no fresh lease is made, or alternatively, the amounts may be adjusted for rents payable. In either way, no interest is paid on the amounts kept. The chief distinction between 'premia or advances' lies in the fact that the premium may be expropriated by landlords, while advance is to be adjusted against rents. The amounts annually paid as premia or advances run to several lakhs of rupees in value according to statistics of the Registration Department shown in statement No. 8 attached. That this is a glaring evil which should be abolished at once and removed from the records of the Registration Department is clear without further emphasis.

Collection of Extras and Other Exactions

In addition to the high rates of rent prevalent under all the patterns of tenancy, there are also some other exactious from tenants under custom or obligation. In the Palkonda taluka (Vizagapatam District), it is gathered that it is customary for the tenant to pay, besides the Bill-Makta rent, a sum of Rs. 4 to Rs. 6 or any agreed amount as "Baja" * money together with some quantity of ghee (say, 2 to 3 seers) to the landowner on the occasion of Dasara (Puja) festival or failing which during Diwali. Nowadays, the item of ghee is omitted but the value is included in "Baja" money, if it is so preferred. In Tamballapalle village, it appears all the tenants of the two residential big Reddi families, have to work one day in a year in each of the houses without any remuneration except a free meal. Whether it is specified in the leases or not, the tenant has to give to the landlord a few bundles of straw and vegetables. In some cases, he is to look to one or two cattle of the landlord and graze them gratis along with his own during the period when they become dry, or he is to send occasionally grass through his son or farm-servant to the residential landlord. The tenants of some big landlords in Nellore district have to work on the fields of the landlords in busy seasons at customary wages, which are necessarily bound to be

* Literally "baja" means a drum.

STATEMENT No. 8

Statement of registered leases showing value of annual rents and amounts of premia or advance in the Province during 1937-45.

Year.	Leases compulsorily registered.		Leases registered optionally 1	
	Number of transactions.	Aggregate value of annual rents (in rupees).	Number of transactions.	Aggregate value of rents (in rupees).
1937	67,435 ...	*V.R. 75,66,000 †P. 5,28,774	25,786 ...	V.R. 14,08,576 P. 9,887
1938	61,977 ...	V.R. 61,99,488 P. 5,39,477	24,419 ...	V.R. 13,11,265 P. 11,956
1939	61,446 ...	V.R. 70,20,782 P. 4,29,687	24,608 ..	V.R. 12,66,234 P. 7,699
1940	67,153 ...	V.R. 82,25,670 P. 3,57,450	26,801 ...	V.R. 13,96,913 P. 10,736
1941	68,662 ...	V.R. 86,81,949 P. 3,21,563	26,769 ...	V.R. 14,95,373 P. 6,592
1942	75,060 ...	V.R. 98,91,617 P. 6,23,654	28,280 ...	V.R. 17,73,514 P. 10,798
1943	77,656 ...	V.R. 132,13,146 P. 5,99,305	25,407 ...	V.R. 20,83,585 P. 8,888
1944	75,995 ...	V.R. 143,01,212 P. 6,54,093	21,075 ...	V.R. 20,08,455 P. 3,994
1945	77,493 ...	V.R. 125,19,065 P. 6,18,109	18,873 ...	V.R. 18,20,800 P. 5,615

* V.R.=Value of Annual rents.

† P.=Amount of Premia or advance.

1. See p. 24 of the same Chapter.

a little less than the competitive wages of the casual labour. On festivals and ceremonies the tenant makes presents, sends vegetables, milk and curds and works at the house of the landlord. For all these services and contributions made by a tenant still passing on as 'voluntary' the tenant does not get any return. It is only the residential rentiers who tease tenants to a greater extent. They take extras such as pulses, trouble tenants to grow vegetables, first sort paddy for their use and ask for grass, etc., besides extracting gratuitous labour (vetti chakiri) without giving remuneration to tenants. It is gratifying to note that the recent Tenancy legislation in the Bombay Province, as finally emerged under the title of the Bombay Tenancy and Agricultural Lands Act, 1948, prohibits levy of cesses and services of all kinds by landlords from their tenants other than the rent lawfully due in respect of a tenancy-land, under section 11 of the Act. †

Fair Rents

The above discussion incidentally leads us to the concept of fair rents and how to determine them. It cannot be seriously disputed that the general level of rents in different parts of the ryotwari districts are in excess of what the rented land can pay. In course of the investigation, it is noted that rents from Rs. 300 to Rs 350 per acre on lands cultivated with tobacco, Rs. 400 to Rs. 500 per acre on lands raised with sugarcane are collected in the districts of Guntur and West-Godavari. Rents on wet paddy lands ranging from 16 to 18 bags are also collected, where the gross yield is estimated at about 20 bags per acre. Similar evidence will be forthcoming from the southern Tamil districts also. Conditions where rent is collected according to the 'palu' or 'varam' are no better. So the next question is, recognizing the seriousness of the rates of rents extracted in the ryotwari, how the Governmental action is possible in fixing rents. Some may look into old scriptures and justify certain ratios of the net produce which may be fixed as the share towards the landlord who also pays the Government demand on land revenue. It is no use digging up ground of the various controversies regarding the

† *Note* :—Section 11 of the Act runs as follows : "Notwithstanding any agreement, usage or law, it shall not be lawful for any landlord to levy any cess, rate, Vero, huk or tax or service of any description or denomination whatsoever from any tenant in respect of any land held by him as a tenant, other than the rent lawfully due in respect of such land." vide: Bombay Act No. LXVII of 1948, Ch. II, Sec. 11, P. 6.

fair, equitable or economic rents and the method of fixing them. But certain broad principles may be enunciated which are to be reckoned with in this regard.

The first principle must be fixing rents at a level such as the tenant can pay them out of the produce of rented land, after meeting all costs of cultivation and also the cost of living of himself and his family. This is in full accord with the view expressed by the recent Report of the Burma Land and Agricultural Committee on Tenancy which runs as follows: " Our concept of a fair rent is that rent should not exceed the part of the crop, remaining after the cultivator of an economic holding has met the normal costs of cultivation and maintained himself and his family in reasonable comfort, as that is understood by the class of a cultivator in the district in which he lives. We go further, and consider that the cultivator should retain for his own use some part of the crop over and above the minimum required to maintain himself and his family in comfort."[1] This definition of a fair rent, points out the Committee further, may be said to be lacking in precision, a criticism to which any definition in fact must be exposed. The second principle is that the level of rents fixed must not be merely judged from the angle of providing the tenant with a minimum subsistence and fair wages for his labour from farming the tenancy-land, which must, in fact, be made the first charge on the produce while paying rents to the landlord. It is also necessary that they are sufficiently unattractive to discourage tenancy and to give an incentive for many rentiers to revert back to farming of their lands, if they are not fully occupied in some other callings.

These proposals involve many serious implications. In the first place, as most holdings are tiny and uneconomic, and the families of tenants relatively large no rent can be demanded on this basis from the vast bulk of the tenantry. The position of petty landholders getting very meagre income by way of employment or some other avocation where they are now fully employed for remuneration which is too inadequate to support them, will be rendered more acute. For example, a clerk or a school teacher employed in some other village or town getting a salary of Rs. 20 to Rs. 40 in that case cannot

1. Report of the Burma Land and Agricultural Committee on Tenancy, 1938, p. 9.

decide to stick to his calling and forego the rents he is formerly getting or would he dare to give up the job and take to farming of his petty holdings, which are too small to support him or to provide him with full employment. Therefore, it must be noted that the cost towards the maintenance of the tenant's family has to be conceived in relation to the size of the rented farm and the number of working days contributed. Secondly, a reasonable price is to be paid to such petty holders who want to dispose of their lands in preference to their jobs or want to seek full employment in alternate ways or invest money in other sources.

When once the principle of fixing rents on this basis is conceded, other difficulties may be more of a practical nature. The items which enter into costs of cultivation and apportioning of amounts expended on each of them can be worked out and the degree of accuracy may be raised rapidly. Difficulties may also arise about making provision for family maintenance regarding owner-tenants. The solution seems to be in fixing up a minium wage and guaranteeing at least an amount to the tenant which will be equal to the total amount of labour contributed by him and his family expressed in terms of working days and valued at the minimum wage of a working day. The minimum wage for a working day of a tenant on the rented land like the average wage of annual farm servant may be slightly less than the level of the minimum wage of casual labourers. Separate minimum wage rates may be fixed for various regions of different types according to local conditions. Provision may also be made to safeguard small ryots from the competition of big tenants and landholders for tenancy-land. After deducting from the gross produce the costs of cultivation and an amount towards the minimum wage for the number of working days put by the tenant, half the net product may be fixed as the rent payable to the landlords. Theoretically speaking, the amount of the rent payable to the landlord will approximately correspond to the amount of land revenue paid to the Government at present in the province.[1] In view of the scheme of taxation of agricultural incomes according to the principles of Income tax, discussed in Chapter IV, the land revenue payable to Government may be reduced to a low level, making provision for exemption of holdings below a certain acreage, say one acre and less to start with.

1. See: Farm Tenancy Under Ryotwari Holdings in Madras, Madras, 1946, by K. G. Sivaswamy.

The deficit in land revenue may be partly made up by the yield of Agricultural Income tax. Schemes for consolidation of holdings, joint-farming or co-operative farming and opening and developing other avenues for full employment are to be simultaneously started and carried out with the greatest pace practicable.

Period of Leases and Mobility of Tenants

The most alarming feature of farm tenancy situation in the province is its short leases coupled with high rates of rents. When a ryot is given a farm on a short term lease, naturally there will be undesirable neglect and exploitation of soil, as the tenant is primarily interested in his immediate return. In such conditions, tenancy may be considered as a conspiracy between landowner and tenant to rob the land of its productivity*. So it is expected, as short term leases are the cause of uncertainty of tenure and if the provisions of the leases are altered to provide reasonable assurance of continued occupancy of the farm, a good many of the evils now associated with tenancy may be corrected The period of leases is usually for one year. Leases extending to 2, 3 or 5 years also obtain in the dry areas. Broadly speaking, Eksal Koulus (one year leases) are the rule in delta regions, and in some fertile dry lands long leases of 5 to 7 years are also come across in the talukas of Nellore and Kavali, and in a few villages of some other districts as well. There are also instances where the tenants are allowed to continue on the same farms for a period of 10 or 20 years. But such cases may be considered as an exception rather than a rule, for the general understanding is that the leases last for only one year in the first instance and the same tenants may be allowed to continue year after year, if the conditions of leases are regularly fulfilled. However, when the rents fall in arrears and the landlords are fed up with their tenants or when higher rents are offered by some other tenants which the existing ones cannot pay, the tenants are frequently ejected.

The duration of leases are governed in some cases by the nature of crops raised and local agricultural conditions. Lands rented for cultivation of Virginia tobacco, e. g., (Pedakakani village in Guntur taluka) are usually taken on one year leases, for if a farm is raised with tobacco for one year the fertility of the land is greatly depleted

*A local saying is that "stability of a wife and stability of a farm are the *raison d'etre* of good husbandry" (Ali kunduru, chenu kuduru undal).

and rendered unfit for cultivation of tobacco in the next year. Such lands are to be raised with other dry crops. Therefore, when land is leased on for commercial purposes of growing tobacco, the lease as a rule must be for one year. Similarly, lands grown with sugarcane are rented for three years. The period of leases for lemon and plantain gardens must be relatively longer to derive the full benefit out of the produce of the gardens and, in fact, such gardens are rarely let out to others, the yield for different seasons may be given to others on contract system. As for mango topes or cocoanut gardens, the landholder plants young plants and entrusts to a tenant for bringing them up till their fruit-bearing stage. In return the tenant is allowed to raise dry crops in vacant patches and enjoy the yield free of rent or at a nominal rent. In some of the villages (Adoni taluka) the usual period of leases is for two years owing to the natural factors. The period of one year is very rare or never. Due to the nature of land, the ryot raises cotton and food crops in alternate years, as cotton impoverishes the land, soon driving deep its roots into the soil. It is gathered that formerly the usual periods of leases were 4 or 6 years. But frequent fluctuations in prices of cash crops like cotton, groundnuts and tobacco do not encourage longer periods of leases at a certain level of rents, fixed in cash, both from the view-point of tenant and rentier. The frequent arrangements, the growing disbelief in the character and honesty of tenants, the practice of oral leases and the rumours of introduction of tenancy legislation which, as it is feared, may deprive the rentiers of their holdings, may be answerable for preference of short leases.

As rents are very high and the tenants cannot make any profit out of farming except eking out their scanty livelihood, if they are lucky, the tenants too are seen quitting lands to try their fortune in some other forms. The result is neither the land-owner nor the tenant has adequate interest in land except what each can extract in the lifetime of a lease. But strangely enough, improvement of the productivity of farm land, out of whose yield the returns of both landlord and tenant are governed, does not appear to be the serious concern of either. With the deterioration of land, the efficiency of farming has been going down thereby reducing the productive power of agriculture and with it the wealth and welfare of the nation and the peasantry.

Some Lease Contracts or Conditions of Leases

Owing to the general custom and illiteracy among the villagers, the leases are usually oral and rarely registered. Under section 17 (i) clause (d) of the Registration Act and under section 107, clause 2 of Transfer of Property Act, "Agricultural lease transactions involving a period of five years and less, and rents of Rs. 50 and less are exempted from registration." Other leases are to be compulsorily registered, though leases of the above category may be also registered at the option of the parties involved in a lease transaction. In a majority of cases, leases are oral and are not written. In others, leases are written and are not registered, if it is optional. Probably to avoid expenses of registration, leases of high amounts are not favoured for long periods. In cases when landlord resides at long distances or where the landlord doubts the regularity of payment of rents or the recovery, if they fall into arrears or in order to be guarded against the possibility of groundless litigation or worry on either part, a small number of leases are registered. From the records of the Registration Department, one can see that the number of leases registered is hardly one per cent. of the total number of leases in a year, nor can they be regarded as representative of the nature of leases without a proper inquiry about the conditions in the respective villages.

A few typical lease contracts for different forms of tenancy, *viz.*, Palu, Makta and cist obtained from the villages and offices of the Registration Department are examined. A careful study of these have thrown light on the general features of tenancy types, conditions of leases concerning payment of rents, duration of lease, stipulations regarding manuring, cultivation of crops and their rotation.

Some of the features of lease contracts are as follows: The tenant should keep the holding in tact without being encroached upon by, adjacent owners, the survey stones and the bunds; water and drainage sources in case of irrigated wet land, are to be kept in tact without any interference and without offending the rules and regulations of the Survey, Revenue and P. W. D. Departments. In case land is penalised for any infringement due to neglect of the tenant during his possession, the tenant himself should bear all the costs and pay all penalties. Farm produce should not be removed from the thrashing floor until rent (fixed in kind or otherwise) is paid in full to the

landlord. Generally a date is fixed for payment of rent. In a few cases only rent is paid on the farm itself. Usually the tenant has to deliver rent to the owner in kind (straw also in some cases) at the house of the landowner or at any mill or place fixed or directed by the landlord at the cost of the tenant. Rent is to be paid, whether the land is cultivated or not, whether the crop is successful or fails on account of any act of God or king (that is crop failure due to widespread calamities as cyclones, pests, etc , or on account of inadequate water supply or drainage facilities to be provided by Government). In case of default of payment of rents, the penalties of a tenant are: (a) interest at 6 per cent. (thanks to the legislative prohibition of interest rates higher than 6%) per annum upto the date of the payment of rent due is charged; (b) in some cases the penalty is charged and collected in kind at the rate of 1/6 to 1/3 per annum on the amount of rent fallen into arrears; (c) further the tenant is liable for ejectment without notice. Other conditions are that the tenant should not sublet the land without the consent of the owner and the tenant to quit land at the expiry of the lease without notice from the owner. There may also be restrictions imposed with regard to growth of certain crops which are likely to impoverish the soil. Usually the land revenue is paid by the landlord, though the water charge for second crop is to be borne by the tenant. A few bundles of straw are also to be given to the landlord. The tenant cannot cut any trees in the farm, though he may be allowed to enjoy the benefit of the fruit-bearing trees in the farm.

Costs and Profits of Cultivation

The problem of income effects of owner and tenant cultivation largely reduces into one of estimating costs and profits of cultivation of a cultivating landholder and a tenant. In the system of capitalist economy based on free competition "agricultural work consists mainly of incessant struggle against production costs. Since the paying capacity of his holding is extremely precarious, the agriculturist must endeavour to reduce production costs to a minimum to make a margin of profit."[1] If business costing methods are applied for evaluating various items that enter into costs of production inclusive of the labour of the cultivator and his family (owner or tenant), theoretically in such a case the main difference between the

1. Vide League of Nations European Conference on rural life; the Monograph on Belgium, 1939, Ch. i, p. 27.

costs of cultivation of the owner-cultivator and the tenant may consist of the amounts paid by a tenant to his landlord and the amount which the pattadars pay to the Government as land revenue assessment. Obviously in case of a cultivator who owns all his land, does the whole of the work by his own labour and that of his family and requires to borrow no capital, many of the corresponding items included in costs of cultivation will be practically of little value.

Investigations made under the aegis of the Imperial Council of Agricultural Research in the three districts of Bellary, Coimbatore and Vizagapatam during the years 1933-34 to 1935-36 have disclosed some useful results. The distribution of costs on various items according to the consolidated results obtained in the province indicate that human and bullock labour account for 45.4% in Bellary, 44.4% in Vizagapatam and 34 1% in Coimbatore districts. Next in order come the land charges (rent plus rental plus land revenue) which take about 31 to 37% of the total. Seed in Coimbatore and Vizagapatam accounts for 7.4% and 8.5% respectively, while in Bellary it is only 4.7%. This difference is assumed as due to the difference in cost of seeds of dry and wet land crops. Fertiliser is the only other important item in case of sugarcane and cotton tracts and the percentages of expenditure are in Vizagapatam 4.6, Bellary 6.5 and Coimbatore 9.4. Marketing, an in other provinces, is considered as a very minor item of cost. Another interesting point is that, in many instances in the report, it was revealed that cultivation was carried on at a loss, when the method of costing according to the business concepts of profit and loss was applied. In Harivanam village of the Bellary district heavy losses were shown in all the three years and in Bantanhal during 1934-35. Summing up the facts the District Agriculturist Supervisor, Bellary, concludes in his report that it may be stated in a general way that agriculture, though a most honourable profession, is one of the least paying except in places where specially remunerative crops are raised. Agriculturists know this fact thoroughly well from their own experience. In spite of it, land is most highly prized by a vast majority of them for the simple reason that there is no other occupation which can yield a minimum living wage to tempt the poor and home-loving peasantry to give up the profession of their forefathers[1].

1. Final Report on the Economic Enquiry into the cost of production of crops in the Districts of Bellary for three seasons from 1933 to 1936 by Sri V.N. Subbanacharya, District Agricultural Supervisor, dated 15th March 1937, (typed report) p. 44.

Similarly from an enquiry[1] conducted in the principal sugarcane and cotton tracts of the Punjab on the average costs per acre per maund of three crops, namely, wheat, cotton and sugarcane, in the districts of Lyallpur, Jullunder and Gurudaspur for three crop years ending 1935-36, it was found that except for wheat and cotton in the Lyallpur district, prices realised for all crops in Jullunder and Gurudaspur districts, were generally far below the cost of production in all the three districts. It means that cultivation was carried on at a loss. But the owner-farmer does not think for a moment that he is incurring loss in his farming but instead presumes that he is not getting much from the land.

The *importance of cost accounting* lies, therefore, in more than one reason: for a study of the financial position of farming, the profit and loss, the expenses incurred on various items of farming; further, for comparing net returns in different places under similar conditions, the relative profitability of various crops grown, for assessment of land revenue for appraising net assets, incidence of rents, etc.

Limitations of Estimates of Production Costs of Farm Produce

The accuracy of the estimates of production costs may be vitiated for various reasons. In the first place, the agriculturists, illiterate as they are, do not keep accounts and even the few who do, do not keep detailed costs for all items. Contribution of one's own labour and family labour and the help rendered by and to neighbours are seldom recorded. It is difficult in fact to consider farming from a strictly business viewpoint, for the affairs of the farm family are so closely bound up with the affairs of the farm that it is difficult to separate the two from getting mixed up. Even where some kind of records are kept, no account is kept between the family and the field. The farm is not debited with the value of the family labour, nor is it credited with the value of farm products consumed by the family.

In cases where the production costs are recorded, they are not easily assessable in terms of cash. The cost of bullock labour should include not only the cost of maintenance of the stock but the interest on purchase price or the amount spent

1. *Vide* S. Pratapsingh's paper on costs of production of crops in principal sugarcane, cotton tracts of Punjab. Vide proceedings of 5th conference of Indian Society of Agricultural Economics 1940, p. 107.

on breeding and rearing, apart from depreciation, and they are to be estimated accordingly. Cost of seeds, seedlings raised and of farm yard manure cannot be estimated merely from the viewpoint of their market value. With regard to labour their money wages paid in kind, needs and other extras given are to be taken into account. In fact, some things meant for farming may be partly utilised for family purposes also as services of farm servant, services of bullock cart, and so on. If allowance were to be made for all such items one could not speak with certainty of the real costs of cultivation of an acre of land or a unit of any crop. In truth, such practical difficulties occur even in the realm of industry of a less magnitude and they are to be gradually overcome. However, desirable from certain points of view, there are further complications for calculation of production costs of agricultural crops owing to the raising of mixed crops on land at one and the same time besides repaying of joint products from a single crop.

Statement No. 9 contains statistical data regarding gross yields, estimated values of produce in money, expenses of cultivation and the return (plus or minus) per acre of different kinds of lands during the year 1945.[1] Statement No. 10 shows statistical data regarding production costs of paddy in different districts, out of different crops

Economic Effects of Tenant and Owner Farming

It is sometimes argued that the institution of farm tenancy may not necessarily be considered as an unmixed evil, for it is pointed out, given security of tenure of a farm, the tenant is benefited to the extent that large sums of capital required for purchase of land may not be locked up in land, as without purchasing land, the tenant is able to enjoy the secured use of land and free to move and to choose his unit of cultivation. For efficient farming it is the assured use of farm, rather its ownership, which is more important. It is often pointed out, one of the efficient systems of general farming in the world has been developed in England under a carefully devised system of lease contracts where 90 per cent. of land is operated by tenants and most of the remainder by hired managers, leaving only a very small fraction operated directly

1. For incomes of lessors and lessees, see my monograph on 'Sharing and Fixed Tenancy Systems,' Madras, 1949, Statements No. 1 to 4.

STATEMENT

Showing Costs and

1 A. Cost of Production of an acre of paddy (wet) in Bhimavaram taluka (W. Godavari District) :—

	Rs. A. P.		Rs. A. P.
i. For preparation of soil ...	10 0 0	Formation of bunds ...	4 0 0
		For ploughing (for 3 ploughs @ Rs. 2/- each) ...	6 0 0
			10 0 0
ii. For manuring ...	10 0 0	About 100 cartloads of Patimarum is required for an acre for 10 years ∴ cost of 10 cartloads ...	10 0 0
iii. For cost of seeds, sowing and transplantation.	15 0 0	Cost of seeds 5 Kundrams ..	3 0 0
		Coolie for sowing, transplanting, etc. ...	12 0 0
iv. Weeding ...	4 0 0	@ Rs. 1 per each cooly.	
v. Harvesting, bundling, carrying, thrashing, winnowing & final stacking and carting.	10 0 0		
vi. Proportionate charges of wages of farm servant & cattle lay.	4 8 0	For cultivation of 8 acres one farm servant and a cattle boy are generally required, amounting to annual expenditure of Rs. 380 for both.	
vii. Interest on operating equipment at 6% per annum per acre.	7 0 0	Cost of working expenses of a ryot with 5 acres of land are: 3 ploughs ... 15 0 0 1 cart ... 200 0 0 1 pair of live-stock ... 400 0 0 615 0 0	
	60 8 0		
Add land revenue ..	8 0 0		
	68 8 0	Interest at 6% = 36. ∴ for one acre ...	7 0 0
		Note :—This excludes cost of wages and supervision of the peasant.	
B. Cost of gross produce from an acre	123 2 0	Cost of 10 bags of paddy 2nd rate @ Rs. 10-5-0 per bag	108 2 0
Cost of cultivation ...	68 8 0	Cost of 2 cartloads of hay @ Rs 10/- ...	20 0 0
∴ Net income per acre ...	54 10 0 or 55 0 0		128 2 0

Note :—It may be noted that in all the three examples, interest on capital outlay involved If it is included it is in doubt that the income will diminish further. (See my Bombay, vol. xvi, part 4, p. 83, January 1948.

No. 9

Profits of Cultivation.

2. A. Cost of cultivation of one acre of tobacco land in Guntur taluka :—

	Rs.	A.	P.
i. Ploughing and intercultivation	25	0	0
ii. Seedling	30	0	0
iii. Labour for transplanting	15	0	0
iv. Harvesting & curing leaf	80	0	0
v. Grading and packing	10	0	0
	160	0	0
Add land revenue assessment	6	0	0
	166	0	0
Miscellaneous	4	0	0
	170	0	0
B. Average yield per acre is 1½ candies or 750 lbs. (1 candy=500 lbs.) of cured leaf; its cost at Rs. 300 per candy ...	450	0	0
Deduct cost of cultivation as above	170	0	0
∴ Net income per acre	280	0	0

3. A. Cost of cultivation of mixed farming of Sesamum and red gram on one acre of land in Razole taluka :—

	Rs.	A.	P.
i. For ploughing	15	0	0
ii. Seeds & sowing	3	0	0
iii. Weeding and for other expenses till harvesting ...	10	0	0
iv. Reaping, stacking and harvesting for both the crops.	15	0	0
	43	0	0
Add land revenue assessment	3	0	0
	46	0	0
B. Cost of yield from sesamum (Rs. 80/- plus red gram (Rs. 20/-) + hay, etc. Rs. 5...	105	0	0
∴ Net income per acre	59	0	0

in areas cultivated is not included in arriving at net incomes of owner cultivators.
paper on 'Land Values in the Madras Province', Journal of the Unive.sity of

STATEMENT No. 10

Approximate Cost of Cultivation of Crops in 1945-46 per acre excluding lease on land (furnished by Agricultural Department.) *

Crop.	Vizagapatam Dist.	E. Godavari Dist	W. Godavari Dist.	Kistna Dist.	Guntur Dist.
	Rs.	Rs.	Rs.	Rs.	Rs.
Paddy (irrigated) ...	75 to 80	65 to 75	75 to 80	60 to 75	90 to 95
Sugarcane ...	450 to 500	700 to 800	500 to 700	300 to 350	400 to 450
Ragi (Dry) ...	40 to 45	30 to 35	45 to 50	45 to 50	...
Cholam (Dry) ...	40 to 50	...	40 to 50	40 to 50	55 to 60
Kumbu (Dry) ..	40 to 45	30 to 35	35 to 40	45 to 50	...
Plantains ..	550 to 600	550 to 600	550 to 600	...	...

* *Vide* Consolidated note of the Board of Revenue, Madras (S. 5062/45-7 dated 24-1-46) to the Government, Madras, regarding Cyclone.

by tenants. Again, if the liability of a person for earning a larger amount is in any way a measure for the amount of work put forth by him, necessarily a tenant must have a larger incentive to work hard than a peasant proprietor since a tenant must be capable of supporting two families, that of himself and of his landlord. But this is contradictory to one of the oft-quoted maxims of the same school of thought, namely, 'the magic of private property turns sand into gold.' Apart from the real advantages of ownership and the less accidental harmless conditions connected with tenancy farming in certain cases, ryots always prefer to become owners for mere self-respect, even when they know that it is less to their advantage to own land by purchasing it than it is to rent land of the same productivity.

When a peasant was asked about the relative merits of owner-cultivation and cultivation of land by a tenant, he gave a reply which was characteristic of his naive simplicity and native wit. He asked: "Take the instance of a house. If you live in a rented house, do you look after it in the same way as you do your own house'? The answer is obvious. The general complaint of the landlords about tenancy-land is that tenants cut trees, do not attend to proper maintenance of bunds or manuring. It is gathered from many villages that the yields obtained by tenants are generally 8 to 12 per cent. lower than the yields obtained by cultivating pattadars, other things remaining the same. The divergence is more marked in tenancies under crop-sharing system. Moreover, due to the many evils attributed to tenancy, even the social relations between landlords and tenants are strained leading to growth of much bad blood on either side. From every point of view the institution of tenancy stands for unequivocal self-condemnation, as it retards production, strains the relations of individuals as landlords and tenants, encourages growth of parasitic classes and laziness among people and racks the nerves of the actual tillers of land who are the actual producers of wealth but who are rapidly sinking into apalling poverty, unparalleled misery and rank despair.

Some Characteristics of Tenancy in Malabar and South Kanara

The characteristics of land-leasing in the districts of Malabar and South Kanara have some special features. Many of the tenures are

held by persons who are not actual cultivators, but possess some interest varying from a right to receive a small rent to one little short of absolute proprietorship. In the Kurumbranad taluka at least 3 or 4 intermediaries each with distinct rights between the original landholder and actual tiller of soil are found. When leases are for long periods, in most parts of these districts, it is usual to have at least one intermediary. The nature of the Konam and Mulgeni tenures and the relations between the Jenmi and Konandam in Malabar and between Waragdar and Mulgenidar in South Kanara are outlined in Chapter III. It is important here to note the conditions of lease and rates of rents paid by the Verumpattamdar and the Chalgenidar (tenant-at-will) either to Konamdar or Mulgenidar or to the Jenmi and the Waragdar, if land is rented on tenancy directly from them. In Malabar rents are paid under all the forms, *viz.*, Varam, Kuthagai and Cist, although the system of Varam is not very popular in South Kanara. Paddy fields are mostly held under Konam and Verumpattam tenures, while the gardens like cocoanut, arecanut, cardamoms, jackfruit trees, etc., may be held on Kuzhikonam[1] tenure also. Under crop-sharing system shares from 1/2 to 4/5 of the produce may be paid by the Verumpattamdar to the Jenmi or Konamdar. Payments in advance in lieu of rents payable are largely in vogue. Kind rents are calculated in terms of areas with one measure (para)* of seed; the rates of fixed kind rents varying from 2½ to 8 paras of paddy for one para of seed-land. In many cases, land tax also is to be paid by the tenant besides payment of rent. The Malabar Tenancy Act 1930 which conferred the right of occupancy on Konamdar and cultivating Verumpattamdars has improved to some extent the status and interest of tenant in the land rented by him.

In South Kanara four forms of tenancy seem to be commonly prevalent. The Mulgeni tenure as described formerly is a permanent lease with a fixed rent which cannot be enhanced, though the Mulgenidar is free to give up the lease at any time. This tenancy form generally prevails concerning cocoanut and betelnut gardens

1. Under Kuzhikonam tenure the tenant takes a plot for a period of twelve years, during which hardly any rent is paid but money is invested in planting cocoanut, arecanut, jack and other fruit trees. At the expiry of the lease, the landlord may take over the garden by paying compensation for improvements or may renew the lease on payment of the prescribed fees.

*One para of paddy=10 Edangazhis; 1 Edangazhi=1¼ lb., or in some cases 1 lb. approximately.

and is rarely seen with regard to paddy lands. Rent is fixed in money, though there may be instances where kind rents or rents partly in cash and kind may be found in case of Mulgeni tenure. One of the features of this tenure is, frequently the Mulgenidar has to pay land revenue to Government (and also any enhancements of Government demand on land) paying a certain rent to the landowner. The annual lease or Chalgeni is very common where the tenant-at-will has to pay fixed rents in kind to the Mulgenidar or to the original proprietor of land from whom land is rented. Over and above the rents, the tenants have to pay certain extras or render services of a semi-feudal nature to the landlords as for instance on festival days or on occasions of ceremonies like marriage, etc., to the landlord according to local customs or sense of obligation or fear of eviction on the part of a weak tenant.

Farming of Lanka Lands

There are also other forms of tenancy of minor significance, namely, the cultivation of lanka lands and Government wastelands known as the Izara system (or leases by auction). The study of tenancy on public lands is equally important as the study of farm tenancy on private lands. The lankas and Government waste lands and the grass as well as the produce of fruit-trees on the banks of rivers and canals are leased out to the highest auction-bidder, the period of lease being one year, though in case of wastelands it is usually for a long period. The lease amount may be low, if luckily there is no cut-throat competition among the big ryots of the neighbouring villages or among villagers in the same village. The Izaradars (the big tenants) afterwards sublet the land to many persons at exhorbitant rates of rents fixed in cash, kind or under sharing system, according to the nature of local conditions and the conditions of each individual sub-tenant. There are several instances where some Izaradars made huge fortunes out of such bargains and while a good number were economically ruined, losing all property by bidding high amounts due to competition, factions and petty jealousies among the villagers. If there is cooperation among villagers there are ample opportunities of reaping considerable benefits for the villages, if they act as one corporate body on occasions of the auctions. In fact, many instances were narrated to the writer by the old ryots when large profits were made by jointly and amicably settling the auction-lease through village panchayats by

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means of which the lands were divided and sublet later on among the local ryots. Such sums were used in the past for construction or repairs of a temple or school, or on some other beneficial purposes.

To sum up, the present Chapter contains an analysis of the origin and growth of farm tenancy, tenancy patterns, nature of renting and other general problems connected with tenancy as duration and conditions of leases, rack-renting and fair rents and, lastly, the costs and profits of owner-farming.[1]

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1. A detailed study of the systems of sharing and fixed tenancies, the chief variants under each, and an analysis of the income effects of 'Palu,' 'Makta' and the 'Cist' systems for different types of land in relation to lessors and lessees are discussed in the monograph, "Sharing and Fixed Tenancy Systems," Ibid.

CHAPTER IX

AGRARIAN LABOUR

SECTION I

Agricultural Classes

It is a misnomer to call all those that derive a large part of their incomes from agriculture as agriculturists, for sharp differences exist among different groups of persons depending on land in respect of their relationship with land, (mainly legal), their income, economic and social position. There are at least four clearly discernible divisions among the agrarian strata, viz., the rentiers, the owner-cultivators, the tenants and the field labourers, although it is possible to subdivide every one of these, especially the first two into a number of further cross-sections according to the acreage held and economic status, or according to the nature of tenure prevailing on their holdings. Further, the middleman who lives on the ryot's intercepted profits from the produce on land as well as the money-lender who is fattening on the needs and difficulties of his neighbours may also be included in the chief classes of agrarian community. However, for an analysis of agricultural classes pertinent to our problem, our attention may be confined to the main divisions of agricultural classes, viz., the landowners, the tenants and agricultural labourers.

Their Growth

These classes have grown from decade to decade with the rapid deterioration in agricultural situation leading to serious economic and social consequences. The proportion of landowners, tenants and agricultural labourers per 1,000 agricultural workers is shown in the table below for different classes during 1901 to 1931.*

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* Vide Census of India, 1931, Vol XIII, Part I, Madras, by G. T. Boag. Ch. XII, p. 167, and Census of 1931, Vol. XIV, Madras, by M. W M. Yeats,

TABLE No. I †

Description	1931	1921	1911	1901
1. Non-cultivating land-owners ...	34	49	23	19
2. Cultivating land-owners ...	390	381	426	484
3. Landless tenants ...	16	28	4	1
4. Tenants owning lands ...	120	225	207	151
5. Labourers ...	429	317	340	345

Distribution of Land Between Large and Small Holdings

Tables Nos. 2 and 3 indicate the composition of patta holdings and their distribution under different groups according to sizes of patta holdings and values of assessment paid in some of the villages enquired. An examination of the figures throws light on the division of patta land between large and small holdings. It may be seen that the large bulk of the holdings consist of those paying an assessment of Rs. 30 and less, or whose extent is 5 acres and less, though the areas held under higher groups are also considerable in some villages.

Statistical data contained in the land revenue settlement reports regarding the number of pattas of various values held in the province only corroborate this observation. From another viewpoint, they also show the degree of concentration of land. From Statement No. 4 it may be noted that during the fifteen years (1925-26 to 1940-41), the number and area of pattas paying over Rs. 250 and Rs. 10 and less, have, in general, recorded an increase at the expense of the number and extent held under pattas paying assessments of Rs. 10

† *Note* :—The proportions have varied considerably from 1921. When figures of 1921 are compared with figures in 1931 variations are apparent. Circumstances of pride frequently enter in these returns of occupation. The slight increase in the number of cultivating owners from one point of view indicates the extreme smallness of the average holding The chief features of the distribution remains the same. According to the Census of 1931, of every 10 agriculturists, approximately 4 are cultivating landowners, 1 is cultivating tenant, 4 are labourers and 1 is non-cultivating rent-receiver or non-cultivating rent-payer. In the first two decades of the 20th century there had been a tendency for the cultivating land-owner and tenant to lose ground to the cultivating tenant and the non-cultivating rent receiver or rent payer ; whereas in the third decade the tendency has been for the cultivating tenant and landless tenant to merge into the ever-increasing bulk of the agricultural proletariat.

to Rs. 100, and Rs. 100 to Rs. 250. In other words, there has been a tendency for land being concentrated in either or both of larger patta holdings in group (iv) paying Government Kist of over Rs. 250 or in some of the patta-holders in group (ii), who have been thus pushed up into group (iv) adding to its number. But group (ii), representing many a small landholder, have been losing considerable extents of land evidently in favour of the bigger groups. Thus, a serious two-fold tendency of consolidation at one end and subdivision at the other is found in operation during the period under consideration.

Concentration of Land

Generally concentration of land is made easier in dry than in wet lands. Among the Ceded Districts owning large tracts of land is very common and it is more pronounced in Bellary district where land is locked up in the hands of a few Gouds or Reddis and Brahmins. In wet and delta regions concentration of both land and capital is found. Particularly the Nellore district may be cited as an example. In other parts of the province also, one may come across considerable extents of land being held by a few individuals like the Vaisyas, the Kammas, etc.

In Tamballapalle village about 50% of the cultivated land is held by three houses; in Badnehalu about 1/3 of the area of the village is held by one family and about 1/2 the extent of the village is held by 7 pattas out of a total number of 457 pattas. The village survey of Eruvellipet* (South Arcot district) shows that out of 150 pattadars, one of them owns about half the total cultivated area of the village. In these villages and regions, where giant holdings are found side by side with the fragmented dwarf-holdings, the tenancy is made moer acute and there is rack-renting. Due to land monopoly and scarcity of land available with others, there is very keen thirst to take land on lease. Many tenants and agricultural labourers complained to the writer at all places in the enquiries that it was very difficult for them to obtain land on lease. It is equally difficult for many of them to own lands by purchasing as, at the one end, most of them do not have the means to purchase land at high war-time prices of land at present, and, at the other, if some of them can find means very few, particularly the big land owners, are prepared to part with their lands due to high prices of farm produce.

* Village Survey of Eruvellipet by A. K. Veeraraghavan. Vide Some South ndian Villages—a Resurvey

Composition of Patta holdings and their distribution under different groups according to sizes of patta holdings and values of assessment paid in 1945.

TABLE No. 2

Size of holding (in acres)	Number of Patta holdings			
	Mandur	Vedangi	Padakakani	d epalli
Less than 1 acre	238	189	217	148
1 acre and above but less than 2 acres.	199	106	170	132
2 — ,, — 5	157	103	268	188
5 — ,, — 10	28	34	285	109
10 — ,, — 15	4	6	86	51
15 — ,, — 20	6	5	8	18
20 — ,, — 25	nil	nil	4	14
25 — ,, — 30	1	1	5	14
30 — ,, — 50	1	1	2	18
50 — ,, —100	nil	1	nil	7
100 acres and above	nil	nil	nil	nil

TABLE No. 3.

Value of assessment paid (Rs)	Number of Patta holdings			
	Mandur	Vedangi	Padakakani	Tadepalli
One rupee and less	75	15	41	150
10 rupees & less but more than Re. 1	248	187	675	869
30 — ,, —10	255	157	252	158
50 — ,, —30	47	40	17	28
100 — 50	18	36	5	12
250 — 100	7	8	nil	3
500 — 250	2	2	nil	nil
1000 — 500	nil	1	nil	nil
Over 1000	nil	nil	nil	nil

(Source=Personal Investigation)

Note :—Number of patta holdings given in the tables include both single and joint pattas in the villages However, it may be noted that the number of patta holdings and the number of persons owning patta lands concerned are not identical and in good number of cases they may deviate sharply from each other.

STATEMENT 4

Showing the number of pattas of various values held in the Madras Province during faslis (1335) 1925-26 *and* (1350) 1940-41 :—(*Statistics compiled from the Reports on the settlement of the land revenue in the Province*).

Value of assessment Paid in rupees		Single Pattas			Joint Pattas				Total number of single & joint pattas	Total extent of holdings
		Number of Pattas	Extent of holdings (in acres)	Assess-ment (in rupees)	Number of pattas	Number of share-holders	Extent of holdings (in acres)	Assess-ment (in rupees)		
I. Rupees 10 and less	a.	2,505,000	5,779,000	81,40,000	1,518,000	5,164,000	3,822,000	47,42,000	4,023,000	9,601,000
	b.	2,901,785	6,15,034	93,04,818	2,216,326	6,958 052	5,069,914	68,35,585	5,118,111	5,684,948
II. Rupees 100 and less but over Rs 10	a.	8,45,000	7,988,000	1,96,31,000	487,000	1,766,000	5,200,000	1,08,09,000	1,332,000	13,188,000
	b.	8,44 203	7,290,138	1,86,45,426	667,840	2,151,187	5,351,328	1,24,14,923	1,512,043	12,641,466
III. Rupees 250 and less but over Rs. 100	a.	33,000	1,331,000	46,28,000	13,000	64,000	631,000	18,59,000	46,000	1,962,000
	b.	32,267	1,250,850	45,83,538	12,683	58,707	582,862	16,94,572	44,949	1 783,712
IV. Over Rs. 250	a.	10,000	1,505,000	52,39,000	3,200	18,000	425,000	14,14,000	13,200	1,930,000
	b.	11,066	1,519,861	55,68,075	3,655	16,538	439,517	12,81,225	14,721	1,959,378

Note :—(a)—for the year 1925-26 (Fasli 1335); (b)—for the year 1940-41 (Fasli 1350).

SECTION II.

Agricultural Labourer

Labour, in fact, is sometimes considered as one stage in the process of acquiring farm ownership, for the farm labourers, if they are lucky, may save money, purchase land, may rise in the social scale or climb up the so-called agricultural ladder* thus setting a stimulating example to their less fortunate brothers. Therefore it should not be thought of as separate and distinct from the problem of land. The problems of small owner-farmers, tenants and field labourers are inter-related. The problem of agricultural labour is also closely connected with the tenant and the cropper problem. In the discussion of questions connected with tenancy in the previous chapter, there seems to be an assumption that the only alternative for a ryot is between farm tenancy and farm ownership. In fact in many cases the real alternative is between tenancy and working as a farmhand. If we merely prohibit tenancy of farmland it is certain that the huge bulk of tenants would become not farm owners but farm labourers, and it is probable that very many of them would permanently remain in that class. Future research in the country, therefore, will undoubtedly have to pay more attention than hitherto was given in studies of the past, to the problems of field labour along with the problems of land.

Definition and Classification of Agricultural Labour

An 'agricultural labourer' may be defined, in a wide sense, as a person who derives a large portion of his income from labour on farm land for maintenance of himself and his dependents. Thus the term 'Agrarian labour' may include all grades of agricultural labourers from the casual daily labourer to the share cropper. Even a good number of petty land holders who own an acre and less and depend in a large measure for sustenance of themselves and their families on wages obtained from labour on farm land may be also termed as agricultural labourers. In fact, it is difficult to draw a line of distinction between agricultural labour and the mass of rural

* *Cf.* Farm Tenancy in U.S.A. 1924 (Census Monograph No. IV), Ch X.

Note: The concept of the Agricultural ladder is peculiarly typical of American conditions where the idea of the pioneer days of starting with nothing but rising to something tremendous is said to be common with many great Americans like Henry Ford.

labour, as farm labour is not specialised or trained in the sense labour in a particular industry is supposed to be. Rural labourers do not depend entirely on employment on farmlands except in the busy seasons. A large number of them go as coolies for any and every odd job they can get in a locality and in its neighbourhood, as for construction of houses and roads, for cart driving, grass cutting, drawing boats in canals, working in local factories and rice mills, etc. However, three distinct classes of agricultural labourers appear to exist in the province. One, the farm servants, more or less the permanently employed and remunerated by payments in money or kind; two, casual day labourers employed on chief agricultural operations as transplanting, weeding, harvesting, etc., as occasion arises and not permanently attached to the farm; and, three, labourers cultivating land on 'Palu' or sharing system.

In addition to these, there seems to be another kind of labourers of a semi-permanent nature who are employed for the month, or for the whole period of the main agricultural seasons, and they are paid at the end of each year, or season, an additional remuneration in money or in kind by way of bonus or reward (Makta) over and above their dues for the total number of days they worked for a ryot. Generally the rates of wages paid to the seasonal labourers are low as compared to the rates of wages paid to the day labourers. But one advantage is that where such a system exists, the landlord is assured of the supply of labour. Though the seasonal labourer also may be said to be equally assured of employment for a certain period, on the balance, the system seems to work to the disadvantage of the labourer. For one thing, he is not benefitted on account of the rise in wage rates in the chief agricultural seasons due to competition among peasants to obtain labour (in fact, such a system tends to reduce the possibility of offering competitive wages by ryots, as each of the big landlords may be secure of his labour requirements). For another, it ties down the labourer to a particular landlord narrowing the scope for mobility of labour. And, finally it exhibits, sometimes, traces of agrarian serfdom in certain parts. This category of wage-earners are called as customary (vatanu) labourers. The system of "chanamalu"[1] found in districts like Guntur is another form of securing seasonal labour for customary wages. Under this system,

1. Cf Economic Organization of Indian Villages, Vol. I, 1926, by Prof. N. G. Ranga, Ch III, p. 122.

the ryot leases out a certain amount of land to his servant on certain conditions which are more favourable to the latter than are usually allowed to an ordinary rentier. In return for such a privilege, the servant agrees to send his wife and other people in his family to work for the customary wages for the same employer, whenever their services are demanded, even if he can get better wages from other ryots under conditions of free competition.

Rise of Agricultural Proletariat

Every circumstance which has weakened the position of small holder and the artisan classes has increased the growth of the agricultural proletariat—the loss of common rights in the rural economy, the disuse of collective enterprise, the subdivision of holdings, the multiplication of rent receivers, free mortgaging and transfer of land and the decline of cottage industries.[1] The social structure of Hindu society with characteristic gradations of people according to castes, and again, the existence of various classes of poor and backward communities occupying a low social status have made it possible for the prevalence of the large number and the numerical increase of different kinds of rural labour. The growth of civilised life and the emancipation of the Adivasis, the so-called criminal tribes and castes, to swell the number of the agricultural labour force.

Effects of Their Growth

This rapid growth of the agricultural proletariat had its repercussions in different ways. It has its social and political reactions. Rural unrest and growth of political agitation have a direct bearing on each other resulting in intensification of both. The problems of industrial proletariat are inter-connected with those of the agrarian proletariat, for the latter migrate to towns, and thus not only may bring down wages but may also create new problems or intensify old ones in urban areas such as low standard of living, bad housing, sanitary and social improvement. Due to employment of unskilled labour, whether it may be significant or not, the efficiency of production is affected. The presence of large human labour is an impediment for introduction of improved methods and implements and mechanisation of agriculture which may be beneficial, in some cases, for raising the efficiency of agriculture and the total output of the nation as a whole. Trade Unionism has also been

1. Cf. Land Problems by Prof. Radhakamal Mukherjee, 1933, p. 215.

spreading into the landless rural labour and they are rapidly becoming class-conscious. Indeed, the alarming rise of the agricultural proletariat side by side with the industrial proletariat is a serious threat to social and economic stability, providing as it does a wide base for a proletariat revolution, should it occur in future.

Labour Classes

There are certain low castes in every village which may be said to constitute the main labour force of the localities. The so-called untouchables and the depressed castes, *viz.*, the Malas, the Madigas or those of them who are converted into Christianity in Telugunad, the Pallas, Pariahs and Chucklers of the Tamilnad, form the bulk of the agricultural labour class in many parts. Next stand the Yarakas, the Yanadis, the Upparis, the Gamallas (variously known as the Idiga, Settibaliga and Kalali) the Gollas, the Boyas, the Kurvas, the Turpu Kapus, etc., even though some of the first four have occupations of their own, are noted for a particular type of work. Driven by poverty and unemployment, it is not uncommon to find many of the agriculturist castes as the Telagas, the Kapus, the Kammas, the Reddis, the Kshatriyas, the Lingayats and a few artisan castes eking their livelihood as labourers. Similarly, castes corresponding to these are found in the Tamil, Kerala and Kanarese speaking districts engaged in farm labour as wage earners. Excepting the Brahmins and the Vaisyas, it may be possible to find members of all other communities, to a greater or less extent, supplying the demand for agricultural labour. Some of these, even from the first category, might have reached the status of owners or tenants, while for a few others, incomes from labour may be considered as supplementary; and yet, a good number of people from these castes are found as agricultural labourers is an indisputable fact.

Features of Farming by Agricultural Labour

Farming by such labour communities has many interesting features. Most of the work is carried on with the help of the family labour and in busy seasons by mutual exchange of labour, among such persons. They often agree to work as customary labourers for some ryots who own cattle, in return for services of a plough, cattle at usual rates or free of charge. Some of them manage to induce certain ryots to cart their paddy and straw home by way of 'mamool' (reward) for the help rendered to them, or at times out of sheer

sympathy for such labour-cultivators on the part of some liberal landlords. Thus most ot the people carry on cultivation without spending much on service of cattle, costly implements and operating equipment, and they have neither stables nor permanent labour to be maintained. If he is a permanent farm servant, cattle, ploughs and heavy equipment may be borrowed from his landlord. In some villages (in Kavali taluka), it is customary that the landlord should get the farm land cultivated by his chief farm-servant, freely ploughed, prepared and harvested. Where a cultivator has no second bull, he enlists the services of another brother of his, with similar circumstances, and both of them do the job for mutual benefit. It is known as 'Poti' cultivation in rural areas of Udayagiri taluka. A landlord may give to his farm servant a piece of land for cultivation for his own benefit in lieu of remuneration to him as a permanent wage earner, or in addition to the remuneration without demanding any rent. It is very common in many parts in dry villages to carry on cultivation without a plough and cattle, by hiring their services at the ploughing season. The rate per day for services of a person together with a plough and a pair of draught animals varies from Rs. 1—8—0 in Chittoor taluka to Rs. 4/- in Guntur taluka.

As some of them may prefer to cultivate land in some form of lease, instead of working as day labourers for others, the agricultural labourers may also rent land in kind or cash, but generally, under share-tenancy. Perhaps, among agricultural labourers, the highest class consists of those who cultivate land on lease. In dry areas farm labourers alternately rise from the status of farm servants or field labourers, to a status of tenants or share croppers and fall back again into the status of hired labour. Due to great difficulty of obtaining land on tenancy, they contract lands on high rents, perhaps more than the lands are worth. Hence lands leased out to labour communities are usually rack-rented. Ryots muster the services of labour on share-tenancy paying a small share of the produce for the services of their labour supplying all expenses of cultivation, capital, etc. In Tinnevelly district such a system is known as "peru" where the landowner provides the farm, stock and seed, and the tenant receives a small proportion usually 1/7 of the outturn.[1] It is said to be common in the precarious wet lands east of Srivaikuntam, in

1. The Tinnevelly District Gazetteer, 1917, p. 189.

Tenkasi taluka and the border villages of Travancore. It is observed by some that the system of rack-renting tend to throw the lands of greedy rentiers into the hands of dishonest and insolvent tenants, who take lands promising high rents, but end paying less than its fair value. Due to want of capital such tenants are unable to make the land productive and the country obviously suffers by producing less than its fair capacity.

Availability of Employment in Agriculture for Different Classes of Agriculturists

One of the great contradictions of capitalist economy based on private property is unemployment. In fact unemployment or that state of affairs where a considerable section of the people find themselves quite helpless and unable to find sustenance, although they are perfectly strong and quite able and willing to work, is the greatest slur in any advanced community. According to the Royal Comission of Agriculture, 1929 the agriculturist is underemployed, for he finds heavy work only during the busy agricultural seasons and for the rest of the time in a year he is underemployed, or finds little or no work in the off-season for-a period of four to six months. Some of the ryots examined by the writer have asserted emphatically, on the other hand, that a diligent and good farmer could never be said to be idle, for even after the crops are harvested he may cart manure to the farm, attend to minor repairs of bunds, channels, cattle sheds, etc., or effect other permanent improvements, or engage in the making of ropes for the cattle or palmyra baskets for his requirements, and so on. Though it may be true in case of some exceptionally good ryots who engage themselves throughout the year in attending to some work or other relating to their farms, homes and domestic affairs, it is an incontrovertible fact that there exists a wide scope for fuller employment which may yield them adequate incomes to maintain a standard of living in reasonable comfort and leisure.

It is necessary, therefore, to find out the availability of employment in agriculture for the different agricultural classes, *viz.*, the rentiers, the owner-cultivators, the tenants, the farm servants and the day labourers in order to devise ways and means to provide them with suitable sources of subsidiary occupation. Enquires made by the writer disclose some of the following features in general. The

cultivating pattadars and tenants may have work for 6 to 8 months at 8 hours a day on the average, though they have to work very hard for 20 to 30 days during transplantation season and for 30 days in harvesting season and may have to watch the fields at nights in the harvesting season guarding the crop and heap. If the landowner engages a farm servant and the work is supervised by him partly, naturally, the period and hours of work available to a cultivating landlord shall be comparatively less. If he is a rentier, he enjoys full respite sitting cross-legged on the easy chair. It is amusing to note some of the vernacular terms for people "living on their income without specific occupation," nearly all contain a reference to sitting which clearly plays a large part in the daily life of these privileged persons. If he leases on Makta or Cist (fixed rents in cash or kind), he may have work for about a week for collecting rents after the harvests in the months of October and April; if he has leased out on Palu (share-tenancy), he has to attend to the work for a week further assuming that no agent or clerk is engaged for the purpose. If the rentier resides in the villages he may be supervising his land in the evenings or mornings for 2 or 3 days in a month. Employment in agriculture is available to the casual agricultural labourers for 4 to 5 months in a year distributed as follows: for 2 months during preparing the soil and transplanting, 2 months during harvesting and thrashing operations with 15 to 20 days for weeding in the middle. If the second crop paddy is raised, in that year an additional work of 2 months for transplanting and harvesting may be available. Therefore, it is a problem of the highest magnitude to devise suitable ways and means in the villages themselves to provide work for the agrarian classes and to regulate employment so that their employment in other occupations in the off-season may not come into direct conflict with their work on fields to be carried on with a reasonable degree of efficiency.

Influence of Crops Grown on Demand for Labour

These observations are to be understood with certain qualifications which influence the demand for hired labour. On lands where intensive farming is done more labour is required than farming on dry lands. There exists greater demand for labour on wet paddy lands, lands grown with heavy crops like sugarcane, tobacco, betel, turmeric, onions, etc., on wet lands or irrigated dry lands cultivated with chillies, vegetables and to some extent plantain and lemon gardens, need

considerable labour if they are grown on a commercial scale. Further the availability of family labour and the economic position of the ryot may limit the amount of hired labour employed. The availability of home labour depends on the size of the family, the number of able members available to work on the farm and the custom and usage which restrict the employment of female members of the family in agricultural operations to help their male members.

Proportion Between Home and Hired Labour

Enquiries made regarding the extent of employment of hired labour and the proportion between family labour and hired labour in farming reveal that a small ryot may avoid employment of a permanent farm servant, as in fact many of them do, but he cannot avoid employing hired labour in the busy seasons, as transplanting, weeding and harvesting. If the area of the land cultivated is small, the number of members in the family available for work is sufficiently large and considerations of caste and economic status and custom are not strongly against employment of family female labour. The volume of hired labour employed may be reduced to a minimum, but even in a few instances cultivation is carried on without employing any hired labour at any time. The proportion of hired labour employed on the farm may be in some cases less than the proportion of the unpaid labour employed. But in a very large number of cases, the converse is the case. "The typical agriculturist is still the man", observes the Simon Report, "who possesses a pair of bullocks and cultivates a few acres, with the assistance of his family and of occasional hired labour".[1]

Labour is of two kinds, the human and the bullock. The proportions involved may be compared in two ways, firstly, with reference to their costs and, secondly, with reference to their number. The Statements Nos. 5 (A and B) show the labour units employed (hired and home labour shown separately) in a wet holding of 10.49 acres in extent and on a dry holding of 55.87 acres in extent for different crops grown on the holdings. The figures[2] relating to their estimated cost point out that the hired labour costs $78\frac{1}{2}\%$ more than

1. Simon Report, 1930, Vol. I, p. 18.

2. *Vide* Final Report on the Economic Enquiry into the costs of Production of Crops in the District of Bellary for the three seasons from 1933 to 1936 by V. N. Subbannacharya, dated 15th March 1937 (unpublished), p. 30.

STATEMENT NO. 5 A.

Showing number of labour units (human and bullock labour) employed in a wet holding of 10.49 *acres (Bellary District).**

Crops		Area (in acres)	Home Labour				Hired Labour			
			Men	Women	Children	Bullock (pairs)	Men	Women	Children	Bullock (pairs)
Sugarcane	...	6.03	112½	21¾	4	32¼	916	528¼	19½	226¼
Paddy	...	3.46	36¾	4¼	½	8	198	181	2	28¾
Turmeric	...	0.65	4¾	nil.	nil.	1½	79½	88¼	1	8½
Others	...	0.35	1¼	...	...	1	19	15¾	nil	1¼
Green mamera x	..	3.22	3¾	...	...	3	30	13	nil	9
Others (2nd crop) x	..	0.60	¾	...	...	1	4½	13½	nil.	½
Total **	...	14.31**	159¾	26	4½	46¾	1247	834¾	22½	269¼
Total (in whole figures)	...		160	26	5	47	1247	885	28	269
Total men units	...		160	13	2½	...	1247	417½	11½	...
Total labour units	...		175½	...	...	47	1676	...	...	269
Percentage	...		(9.48)	...	...	14.87	(90.52)	...	...	85.13

**Note* :—1 man = 2 women = 2 children. x represents area cropped twice.

** Included 3.82 acres cropped twice.

STATEMENT NO. 5 B.

*Showing number of labour units (human and bullock labour) employed in a dry holding of 55.87 acres (Bellary District)**

Crops	Area (in acres)	Home Labour				Hired Labour			
		Men	Women	Children	Bullock (pairs)	Men	Women	Children	Bullock (pairs)
Cotton ...	9.05	31¾	11¼	4	28¾	21½	41	7¾	1
Cotton Korra ...	16 60	55½	24½	8	63	90	101½	12¾	¾
Groundnut ..	4.51	24	118	8	20	31¼	82¼	3	8½
Cereals mixed with other crops x ...	27.27	112½	15¾	3½	78½	157¾	40¾	2	¾
Others ...	0.21	2¼	2	nil.	1¾	5	5	½	nil.
Total in whole number	57.64 x	226	65	14	192	306	221	26	3
Total men units ...		226	32½	7	...	306	110½	13	...
Total labour units ...		265½	...	...	192	429½	...	...	3
Percentage ...		(38 20)	...	...	98.46	(61.80)	...	...	1.54

Note :—1 man=2 women=2 children. x includes 1.77 acres cropped twice.

* The above estimates of labour are based on the averages of figures relating to three years. phe tables also throw light on variations in the demand for labour units for various crops raised as well as on the extent of eᗷloyment of women and children.

the home labour in wet areas and it is less by 32% in dry crop villages. The rates of wages to family workers is based on wages paid to permanent servants. Of the total human labour, the hired labour accounts for 93½% and 66 2/3% in wet and dry acres respectively. The proportion of hired bullock labour to farm bullock labour is high in wet lands and very low in dry lands (these estimates relate to conditions in Bellary district); 73% of the total bullock labour in the former is hired, while it is only 1½% in the latter.

From the two Statements, it may be seen that figures relating to the number of labour units employed show that 90½% of the human labour employed in a wet holding is hired, while employment of hired labour amounts to 61¾% in a dry holding and the utilization of home labour is greater in case of dry holding (38¼%) than in case of holdings of wet land (9½%). Again the percentages regarding the number of bullock labour indicate that about 85% and 15% are the hired and home bullock labour in the wet holding, while the corresponding percentages in dry holding are 1½% and 98½% respectively.

Working Day

The field labourer has nothing like a working day. In the first instance, there is no regularity in his employment; he finds himself out of work at different periods of the year and even at different hours of the day. In the busy season, ryots and the farm hands sometimes have to work for more than twelve hours a day, while in a slack season there may be employment on the field hardly for an hour or two for the ryot and the permanent farm-servant. Such an uneven distribution in the periods of work reveals the nature of agricultural operations and their reliance on seasons and weather conditions. At present the number of hours of work put in by the labourers do not exceed on the average 6 to 8 hours a day in the Cirkars besides a good deal of time that may be wasted in various ways during the working period. In other districts of the province the number of hours worked by a present-day farm-hand does not exceed 8 hours on the average. But it must be admitted that before the World War II, labourers were made to work for 10 and even 12 hours a day from sunrise to sunset. But times have rapidly changed and are changing and now the agricultural labourer, who is greatly becoming class conscious due to spread of trade unionism among the kisans and the workers, goes to the

field in the Cirkars at 9 or 10 a. m. and leaves the fields by 5 or 6 p. m. with an hour or hour and a half off after 12-30 or 1 p.m., thus working only 7 hours a day with an hour off for lunch. In summer they may go early by 7 or 8 a. m., work upto 12 a. m., again start work at 2-30 or 3-30 p. m., and leave by 5-30 or 6 p. m. In the Ceded Districts it is said labourers go to work at about 6 a. m. and leave the fields at about 12 a. m. and do not work in noon due to the terrible heat of the sun during summer. At the time of "kuppa noorpu"* labourers start work on the *kallam*† at about 3 or 4 p. m. in the evening and work continuously till 9 or 10 p. m. and again from 5 a. m. to 10 a. m. on the next morning. During those days the labourers are paid high rates of wages, usually twice the customary wage rates. Similarly in case of sugar-cane crushing or gur-making, continuous labour is required and high wages may be paid by contract system by piece wages. Usually customary labourers are employed on such occasions.

Systems of Wage-payment

Wages are paid both in kind and cash, or partly in kind and partly in cash, for different kinds of agricultural work. For plucking of chillies one 'vise' (1/8 of Maund) is paid in Razole taluk for every maund of chillies. For cotton it may be 3 seers for each 24 seers plucked in Bellary district or 1/16 share in East Godavari. For groundnut the shares vary according to crop as 1 : 9, 1 : 12 to ½ : ½, if there is crop failure. Sometimes cash wages of Rs. 0—1—0 to Rs. 0—2—0 for each 4 seers may be given. For harvesting of millets like Jonna, formerly payments of wages used to be made in folds of unthrashed sheaves (kankelu) containing 4 seers of grain. In all these, no distinction is made between women and children as payment is according to total quantity harvested and not directly according to number of hours worked, and efficiency of labour. It is said, it is in the harvesting season the workers get on well, make money and can save a little to purchase sarees, etc., or to pay off

* 'Kuppa Noorpu' is the term used for the process of separating grain from the hay either by crushing the crop from the heap by cattle (which are driven round and round the heap crushing the harvest with their feet) or by beating the sheaves on a plank. It is said the percentage of grain obtained from the sheaves is greater from the first method than from the second, though more satisfactory results may be obtained by a combination of both the methods.

† 'Kallam' is a neatly polished spot in a field where the harvest is heaped and grains are separated from straw by either of the above methods.

debts or the arrears of rent of the previous years. Sometimes if he is a permanent farm-servant or seasonal worker, all he can claim is the yield of a certain plot allotted to him by his master towards remuneration. In certain villages in the South, a labourer gets 5% share in the yield of the crop known as 'Pore' or nominal varam for his work of supervising the flow of water from the channels and watching the crop.

Differentiation in Rates of Wages

Differences are found in the systems of wage payment: whether wages are paid as piece-wages based on contract or they are paid according to the periods of employment as a day, a season or a year. For a permanent farm-servant wages are settled for every year and for the customary seasonal labour for a month or cultivation season, though advances in cash and grain are usually made before the end of the year or season. For certain kinds of work like digging of earth, cutting of fuel and wood, for transport of grain, etc., the system of wage-payment takes the form of piece-wages. Owing to rise in wage rates, scarcity of labour and the growing feeling among employers that now-a-days the labourers do not work sincerely, that they work for shorter hours and try to delay the work, and besides are becoming more independent and less obedient to the employer, the system of piece-wages is increasingly coming into vogue as a method of payment for such operations like ploughing, transplantation, reaping and harvesting apart from some other non-agricultural purposes as housing and transport activities. If the system should gain rapid momentum, indeed, the old, the weak, the inefficient and juvenile labour would have to face hard times, as they are gradually eliminated from the Mootahs so formed.

Wages paid to field operatives vary according to the nature of work performed and the nature of operative, as one is a male, female, juvenile or a child,* and also according to the caste of the worker. For hard work like ploughing, digging earth, cutting fuel, carrying very heavy loads, etc., only men are employed and they are paid higher wages. For weeding, transplanting, reaping and harvesting, women are preferred and the wages paid for weeding are low, whereas

* By child labour it is meant the employment of farm hands aged 12 years and below. Employment of farm hands aged 16 years and less but over 12 years considered as juvenile labour.

for the other operations they are high. If men are also employed for the same work, no differentiation is made in wage rates between men and women in many places. In some villages even though the nature of work to be done by the workers remains the same, women are paid lower rates of wages when compared to men, as they are presumed to be less efficient. In some villages it was explained that low wages are paid for women because they attend the fields a little bit later than men and again leave the fields a little earlier. The employment of child labour as casual labour is fast disappearing, though juvenile and child labour between the age groups of 10 to 16 years, and less than 10 years is very common as farm servants to attend to cattle, household duties and miscellaneous work on the farms. Thus female and child labour is cheaper than the male labour and women are displacing men in the farms and are ready to compete with men in every field of work, and the employment of female labour on the farms approximately ranges from 35% to even 60% of the total labour employed in a year.

Again, differences in wage rates may rule due to differences in the caste of a labourer. Especially in case of a farm-servant, a depressed class person, for example, a Mala or Madiga is paid a little less than what is paid to another person coming from a Sudra or Kshatriya community, because the latter may be useful to attend to household duties partly regularly or occasionally. The difference between the two rates may lie between 10% to 25%. On the other hand, it was pointed out in some villages that the ryots would pay a little more and not a little less to a farm-servant belonging to Mala or Madiga communities, as they are reputed to be very hardworking people. The latter case may be considered as an exception rather than the rule. The casual labourers are paid at higher rates than that of the corresponding daily rates of the farm servants or seasonal labourers.

Customary Wage Rates in Different Regions

Small tenants and petty land owners work for hired wages and compete with casual landless labourers. In the villages in the dry regions wages are paid in kind and in delta and wet villages in cash, except for harvesting (sometimes for transplanting of crops also), when they are usually paid in kind, However, the tendency is to replace rapidly wages in kind by cash in the last five or six years even

in some of the dry villages. The rates of wages paid may vary according to the supply and demand of labour in different seasons, but in the busy seasons the wage rates for casual labour may go higher than the customary wage levels obtained in the localities. But the following customary wages, in kind and cash, are paid at present to the day labourers in different districts visited by the writer, which may be of some value to note.

Starting with Vizagapatam district, wages are paid in cash in the taluka of Palkonda and Sarvasidhi and they vary from Rs. 0-8-0 to Rs. 1-0-0 for a male and Rs. 0-6-0 to Rs. 0-8-0 for a female. The wages for harvesting are 3 to 4 kunchams (Madras measures) of paddy. In dry talukas of the Godavari district, Kistna[1] and Guntur 0-12-0 and 0-10-0, and for harvesting and thrashing 3 to 4 kunchams of paddy are paid. In deltaic villages in these districts wages have gone up at one time from Rs. 1 to Rs. 2 for a day. However, they are now settled down at about Rs. 1/ for a male and Rs. 0-12-0 for a female, and for weeding the rates are Rs. 0-8-0 to Rs. 0-6-0. In dry villages in Kavali taluka (Nellore district) wages are paid usually in kind. The rates for weeding are 2¾ seers * paddy or 1¾ seers of 'hard grain' as Ragi and for transplanting 3½ seers of paddy without any midday meals. For the last 3 or 4 years contract system for transplantation of paddy lands is increasingly coming into vogue; the rate is 70 seers per acre. But at the time of reaping and harvesting with one midday meal the labourers are paid 3½ seers paddy or 2 seers of Ragi, while at the time of thrashing (Noorpudu) 7 seers paddy or 3½ seers Ragi (that is twice the ordinary wage)are paid.

The seasonal labourers are paid 1½ to 2 tooms per month with two meals and 5 tooms as Makta (or bonus) at the end of the year on satisfactory work in Nellore taluk. Without giving any meals (in Kavali taluka) the customary seasonal labour are paid 1½ tooms per month and 10 tooms at the end of the year. In both the cases other

1. I am told that in some parts in the Kistna district it was customary formerly—I believe now the practice is fastly going out of vogue—to pay half the wages of an adult to the youngest children who would be brought by the female coolies and made to sit on the ridges of the fields during the periods of their work. It is known as "Gattu" (bound) cooly. It seems to me that such mamools are not paid by ryots to children of each and every female cooly but probably to children of such coolies who are closely connected with the farmers as seasonal labourers or farm servants.

* 4 Nellore Soga Seers = 2¾ Madras seers.

extras like one or two bundles of straw and three to five tooms of paddy on thrashing floor (Kallam) may also accrue to the labourer.

In the Ceded Districts wages in kind are predominant. In Kalyandrug taluka 2 seers and 1½ seers Jonna or Korra are the rates for males and females, though in talukas like Madanapalli rates of 2½ seers to 1¾ seers to a male and 1½ seers to 2 seers for a female are prevalent. If wages are paid in cash at the wish of the labourers, they are Rs. 0-6-0, Rs. 0-5-0 and for a boy Rs. 0-3-0. One meal at midday, say two or three morsels (kabalamu) of food is usually given. In Rayadrug taluka, if a man goes to work at 6 a. m. Rs. 0-5-0 are paid, but if he goes at 9 a. m. only Rs. 0-4-0 are paid; at the time of harvest 3 to 4 seers per day. The wages are generally paid in cash in this taluka except for harvesting and reaping and transplanting. However, in some villages in the taluka the rates are Rs. 0-8-0 and Rs. 0-6-0 in cash, or 2½ seers and 2 seers in kind per day, and at the time of harvest 3 to 5 seers. Before war in many of the dry talukas in the province, the wages paid in terms of cash were Rs. 0-2-6 for a male, Rs. 0-2-0 for a female and Rs. 0-1 0 to Rs. 0-1-6 for a boy.* It is said that in Adoni taluka children are not employed except for seeding and they are paid at the same rate as women are paid. The working hours in the Ceded districts usually are 10 A.M. to 5 P.M. and in summer from 6 A.M. to 12 A.M. only, and hence the field labourer in these parts is often accused as indolent.

Rise in Wages

There is no considerable rise in wages rates paid in kind. There has been, however, a steady rise in the cash wages paid to labourers but the rise in the wages of agricultural labour as compared with the enormous rise in the wages of industrial and urban labour is insignificant. The cash wages are increasingly rising in importance and in many parts wages in kind are being rapidly replaced by cash

* *Note :* The people in the districts of Bellary, Anantpur, Cuddapah and Kurnool are very poor and generally backward in all respects when compared to the districts of the Northern Circars. In fact, "one ryot said to me in a village during my tour, "Sir, when you write your report simply write "*BACK*" (probably meant backward) in big block letters in respect of these districts which shall sum up the conditions of these areas." (*It is interesting to note that the first letters of these four Ceded districts when written in order constitute the letters of the word "Back"*).

wages due to rise in prices of agricultural produce in recent years.[1] Especially during war years, wages of labour have risen twice, two and a half times, and even thrice in some places and nowhere the rise is less than 100 per cent. in cash wages. The levels of wages in 1939 and 1945 and the average prices of foodstuffs, til, etc., per maund in those years are given for a number of places in tables Nos. 6 and 7. On account of sharp increase in wages, the services of farm-servants are being dispensed with by many ryots.

Effects of Introduction of Rationing on Methods of Wage Payments

Introduction of informal rationing in all nooks and corners including all villages due to seriousness of the food situation in the province had been followed by important repercussions on the system of wage payments. The ration of every agricultural worker* is fixed according to age groups. The quantity of grain allowed † to be retained with cultivating landowner for seeds and expenses of cultivation to be paid in kind are also fixed. Consequently, landlords are benefited in both ways, while the farm workers are hard hit. The big landlords are given an excuse to retain large stocks with them which are being disposed of in the blackmarket, and the wages of the workers are paid in cash instead of in kind with which they do not get in the black market the same quantity of grain which they used to get formerly under the system of wages in kind. The ration of 12 ounces for an adult worker is too low, as he normally consumes 2½ or 3 times the quantity per day with the result the increase in his cash wages has not given him proportionate improvement in his standard of living, and consequently due to starvation and insufficient food his efficiency is suffering. It is observed that the rise in wages has resulted in some cases in a decrease in the total number of days the labourers used to work formerly. Instead of a remarkable improvement in the standard of living of a farm hand due to sharp rise in his wages (in fact, wages of labour began to

1. Srinivasa Raghava Ayyangar's Memorandum about Forty Years of Progress clearly shows that there had been a rise in wages paid to agricultural workers as early as 1890 and since then there has been a steady increase in wages.

* For adult agricultural labourers ration fixed per day is 1 1/8 lb. paddy or 12 ounces or 30 tolas rice. For children between 2 to 12 years it is 6 ounces per day.

† Quantity allowed for seeds = 25 seers per acre; quantity allowed per acre for expenses of cultivation to be paid in kind to labourers = 200 seers per acre.

TABLE 6.

Showing rates of wages paid to agricultural labourer valued in money in 1939 *and* 1945.[1]

Zones	Male.		Female.		Boy.	
	1939	1945	1939	1945	1939	1945
	(annas)	(annas)	(annas)	(annas)	(annas)	(annas)
1. Vizagapatam ...	6.6	12.0	3.0	6.6	3.0	6.6
2. Circars Coastal ...	7.4	19 0*	5.2	13.4	3.8	12.8
3. Circars-Upland ...	8.0	16.0	6.0	12.0	4.0	10.0
4. Deccan Districts ...	4.3	14.6	3.0	11.0	2.3	8.0
5. Karnatak ...	7.0	17.0	7.0	13.0	7.0	11.0
6. Cauvery delta ...	5.4	13.6	3.0	7.0	2.7	5.8
7. Central districts ...	5.5	15.8	3 2	9.7	2.4	6.9
8. Extreme South-West ...	12.0	22.0*	6.6	11.0	4.6	9.0
9. Extreme North-East ...	5.0	13.0	2.9	8.6	2.9	7.6
10. West Coast ...	4.6	17.0*	3.0	9.0	2.3	7.0

1. Report of the Economist for enquiry into Rural indebtedness, Madras, 1946, Ch. VI, p. 46-48.

* These rates are settled down at about 16 annas in 1945-46.

TABLE 7.

*Showing average prices of foodstuffs and oil per maund * in 1939 and 1945.*

Item	1938-39 (annas)	1944-45 (annas)	% increase over 1939
Rice ...	69.6	152.2	217
Ragi ...	36.8	144.8	392
Cholam ...	42.1	115.5	276
Cumbu ...	43.0	130.3	302
Chillies ...	...	...	...
Salt (per Kuncham) ...	...	...	...
Groundnut ...	39.3	156.2	300
Gingelly ...	92 6	321.4	344
Cotton ...	283.3		239
		677.2	

* Price is expressed only in terms of crop.

Note: Broad increase of rates of wages in 1945 over the rates in 1939 as per figures in the Statement is from 200% to 250%.

rise very late ; only from 1943 onwards, that is, four years after the war), there has been an increase in the costly items of his expenditure. For example, he is smoking cigarettes instead of cigars, he is seen spending money on more occasions on cinemas and coffee-hotels and purchasing one or two bits of gaudy clothes for himself or for his young wife.

Efficiency of Labour

There is a widespread opinion among employers that the labourers are avoiding hard work by seeking more leisure and comfort and in fact the efficiency of farm labour has been found diminishing. There are many factors which are responsible for the diminishing tendency in the efficiency of labour, as food available for consumption, its nutritive value, conditions of housing and psychological changes in the outlook of the labourer with the spread of the ideas of socialism and communism which may make him feel why he should work so hard in order to fill the pockets of the easy-going landlords. The enquiry made in a South Gujarat[1] village brought the following statements furnished by some of the intelligent landowners of the

1. Life and Labour in a South Gujarat Village by G. C. Mukhtyar, 1930, Ch. X, pp. 162-63.

village regarding the increasing inefficiency of labour. Approximately a generation ago the average labourer used to cut in one hour grass sufficient for making 300 bundles, each weighing about 1½ seers, but now only 100 bundles weighing about ¾ seer each. Formerly he used to bind 300 bundles per hour and now only 100 bundles. Again he used to work formerly 10 hours a day and now he works only for 6 hours a day. To determine the efficiency or "the relative efficiency of Indian labour", as opined by Dr. Gilbert Slater, "is a very difficult one. The more one inquired, the more puzzled one becomes."

Mobility of Labour

In the pre-war times, although many labourers did not find sufficient work for about 8 months in a year and their wages were too low to enable them to buy food enough to feed their families even for one meal in a day during the days when they were employed, yet they would seldom leave their native villages and migrate or emigrate in search of work and bread. The most common reasons offered by the labourers in this connection are as follows. As many of them are married young and are having large families including many dependents, they are not so free to go to distant places leaving their families easily at home. Some have expressed the fear, if they go to a certain unknown village, they may not be even in a position to borrow from others when they are out of employment, since many of the villagers of the place may not come to know fully about their honesty, their only capital on which they can draw small sums from a generous ryot in their own village on a rainy day. Third is the uncertainty of employment even elsewhere due to lack of development of industrial sources of employment to absorb the rural unemployed. Last is illiteracy and ignorance of the rural masses even about the existing sources of finding employment, and absence of adequate facilities and dissemination of the necessary information and training to the people.

With the above limitations regarding the general character of the mobility of labour, it may be noted that usually the labourers of one village go to the neighbouring villages in the busy seasons and return in the evenings. It is said, the big ryots in the wet villages raise the wages in order to attract sufficient labour from the surrounding dry villages. Migration* of labour of a seasonal character from the

* For further details see Chapter II.

talukas of Vizagapatam, Guntur and Hyderabad State, as well as from the upland talukas in the same districts, to the deltaic villages in the Godavari and the Kistna districts is common. Labourers go to Gudivada taluka from Hyderabad, Warangal, Ongole and even from upland tracts of the Nellore and the East Godavari districts. It is said that such labour is considerably cheaper than the labour in the villages or that in their neighbourhood. The migrant labourers are provided accommodation, food grains and small advances of money which will be fully taken into account while paying wages at the end. There has been of late in an increasing degree an exodus of rural labour to towns where industrial activities are being established. As this kind of movement of population is casual and seasonal, it is difficult to estimate the extent involved.

Dearth of Labour

However, owing to recruitment of labour in war and war-time auxiliary industries a good number of able-bodied and efficient labourers is absorbed from the rural side, which has resulted in a general dearth of labour in many parts of the country-side. High wages of agricultural labour have naturally absorbed a considerable portion of the profits in agriculture expected from high prices. Besides, the ryots have to employ inefficient workers on high wages. Formerly the labour of the East Coast has for a generation or more been in the habit of emigrating to Burma, Ceylon or the Straits whenever the times were bad or the master troublesome, and in Tanjore district at any rate the lobourers know well how to use the threat of emigration to extort better conditions from the master.[1]

SECTION III

Farm Servant

Necessity: Every peasant cultivating 5 to 8 acres of land or more requires the assistance of another person if there is no member in his family aged enough to help him. Services of a second individual are essential in farming in a number of ways to aid the peasant in discharging efficiently his functions of a supervisor and, in general, for carrying on effective farming. Without any additional hand, the labour engaged works inefficiently and grain and

1. Cf. Census of India, 1921, Vol. XIII, Part I, Madras, Ch. XII, p. 168.

other resources are robbed in farmer's absence. Besides supplementing the functions of a supervisor, some one is required to look after the cattle to keep the cattle shed in order, to bring fodder such as sunhemp, cholam, grass, etc., for livestock, to guard the hay-stack and agricultural implements and to stay on the fields with the cattle during summer.

To discharge the above functions at least two permanent farm-servants may be appointed, one adult servant having experience and ability to supervise hired labour and to conduct effective farming side by side with his employer or in the absence of the employer. He is called Palikapu or the chief permanent farm-servant.* Higher wages are paid to him if the ryot is a woman who cannot personally supervise the cultivation herself. Often it is more economic to engage a cattle-boy rather than a big permanent farm-servant. It may be again profitable to engage a temporary farm-servant (a seasonal labourer) rather than a permanent worker, whenever a ryot is obliged to have the services of more than one Paleru (farm-servant) in the busy seasons. If the work is not heavy, he may engage only one man to discharge both sets of functions; or, he may appoint only a cattle boy, if he has other family members to assist him; or if he is too poor to bear the cost of a grown up farm-servant. The cost per acre of the services of a farm-servant depends largely on extent of land cultivated. It costs less for a ryot who has 10 acres of wet land to have a Paleru than for one who has only 6 acres.

Extent of Employment

As the bulk of the cultivating owners or cultivating tenants are of slender economic means, only big ryots and middle class ryots can afford to engage a chief farm-servant. In fact on account of the increase in wages of farm-servants during the last four or five years, many of the middle-class and small ryots who used to employ a Paleru (farm-servant) are dispensing with his services altogether by engaging only a cattle boy and are carrying on the work by themselves.

* *Note*: The chief permanent farm servant may be regarded as a farm manager who controls all farm operations on behalf of owner or tenant. He, the hired manager, is expected to provide the detailed management of the farm and perhaps also his own labour. He can be easily distinguished from a share tenant. He has no investment in the farm and often no direct interest in what the farm produces, though his remuneration and his chances of increase in wages rely on the success on the farm land cultivated.

On the other hand, there is also a growing reluctance on the part of labourers to work as permanent farm-servants, for as casual labourers, they may earn higher wages and by doing some other work, they are free to supplement their incomes. In some villages (as Yadamari), where ryots are very poor, even the services of a cattle-boy are being done away with by engaging their young sons or boys of their less fortunate relatives due to rise in wages. Consequently, there are two forces at work, one, there is an increase in demand for juvenile labour and child labour as cattle boys, and at the other, in cases where ryots are avoiding expenses on account of engaging cattle-boys, many juvenile workers are thrown out of employment who are ready to work as casual labourers on fields. As juvenile labour is always cheaper for employment than adult workers, the demand for them is tending to increase. At the same time, due to spread of education and the proposed introduction of compulsory primary education, employment of child and juvenile labour is bound to decrease and ultimately may cease.

Methods of Remuneration

(a) *Feeding as a part of remuneration :*—In the ways of remunerating a farm-servant, the method of payment of grain and feeding is still predominant. Payments in cash, or partly in kind and partly in cash, also prevail. It is stated that Palerus receiving part of their wages in the shape of food are more efficient and do more earnest and willing work than those who do not partake the meals cooked for them at their master's house but are given in kind or cash, the entire value of their remuneration. Those that are paid wholly in cash do not get much or any extras and 'mamools' to the extent others get. Individually they are generally well off, being well-fed and clothed. But certain persons from the high castes like the Brahmins, the Vaisyas or those who engage a large number of farm-servants when the working female members of the ryot's family are very limited, or if they are unwilling to undertake extra burden of cooking food for the servants also in addition to their family members, the custom of feeding the Palerus is not observed. The cattle boys are invariably given at least a single meal in a day. But it is doubtful whether a person fed thrice at the house of his master can contribute substantially to the maintenance of his dependents, for very little will be given to such a farm-servant by way of remuneration at the end of the year. Moreover, the employers may

grudge to feed an adult member twice or thrice, for he consumes a great quantity of food. In the earnings of a casual labourer every dependent in his family can take a share and, therefore, his personal sacrifice in the interests of the common welfare of his whole family would be greater than what it could be under the customary conditions of a farm-servant, as a farm-servant gets only Rs. 30 to Rs. 40 per year, if he is given three meals a day.

Enquiries made are too inadequate to make any generalisation as to whether permanent farm service is accepted largely by heads of the families or by minors, dependents, and other members of the family. Both the adult persons who are the principal earning members of the family, and the juveniles whose earnings as farm-servants may constitute a subsidiary source of income rather than the main source of aggregate income of the family as a whole are found employed as farm-servants, as Palerus or cattle boys. However, we may not be wrong if it is asserted that the emphasis may be laid more on the latter than on the former, for if erring is likely, it is better to err on the safe side.

(b) *Payment in kind or cash*:—In Totavada village (Palkonda taluka), a farm-servant of 21 to 40 years of age gets 11 to 12 putties of paddy as remuneration with extras of 4 putties on Kallam and one or two bundles of cut paddy at the time of harvest, in all about 18 to 22 putties per year without meals. He is given a chadder and a pair of dhoties. The cattle-boy is paid 6 putties per year with one-time meal. It is said that the practice of feeding an adult farm-servant has gone out of vogue in the village since 10 years. The food consumed may vary from 1½ lbs. to 3 lbs. of cholam or rice per day with condiments, oil, etc., worth Rs. 3 to 4 per month. Generally in Vizagapatam district, Palerus are not given meals except in some places in the northern taluka where the custom obtains of giving them two or three meals a day. Where two meals are given, the annual wages are cut down to one-third, and if three meals are given by one-half. In Tadapalligudam taluka, the Palerus are not given meals, though in Reddiseema near Nallajarla, some ryots feed the Palerus along with the cattle-boys (Pasuvala kapari). The Palerus in the age group of 21 to 40 years are paid Rs. 200 to 250 without any extras. In the delta villages of the West Godavari districts Palerus are paid 18 to 25 kata bastas of paddy (standard bags)

and the cattle-boys 8 to 10 bags. It is customary to feed the cattle-boy at least once in a day and feeding of Palerus is not rare. They are given one or two pairs of cloths, shoes, palmyra umbrellas, hand-sticks, etc. A sum of Rs. 1 to Rs. 3 is given as bakshis on various occasions as on festivals, melas, fairs, etc. In other districts like Kistna, Nellore and Anantapur, they are given food and clothes, old and new, together with betel, tobacco, etc. In certain places instead of feeding, the rations are given in kind every month making provision for condiments, etc. In certain villages in Guntur district a ration at the rate of 1 seer per day or 12 bags per year and in Kavali taluka 24 tooms per year are given in lieu of meals. In Tenali taluka a juvenile Harijan aged 18 is paid Rs. 30 to Rs. 40 a year with three meals; but if he belongs to the same community of the ryot or happens to be a Sudra, he may be paid Rs. 60 to Rs. 70 per year instead of Rs. 30 to Rs. 40 paid to a Mala, or a converted Christian. In Nellore district even seasoned labourers are given two meals a day, besides paying them wages of 2 tooms per month and 5 tooms as Makta at the end of the year. In Bellary district feeding is common; with three meals, a Madiga Paleru is paid Rs. 40. Without meals about Rs. 200 is to be paid, hence the cost of feeding amounts to Rs. 160 per year or Rs. 13-5-4 per month. But this amount varies according to the nature of grain and its cost in different localities. If they belong to Sudra castes, they are paid Rs. 60 and Rs. 260 respectively. They have to work for about 12 hours a day.

The above instances will sufficiently demonstrate how difficult it is, amidst a wide variety of form which the remunerations assume in different parts of the country to state in money values the earnings of farm-servants. If the remuneration, costs of clothing, shoes, etc. are valued in money it may amount to about Rs. 280 for a Paleru and Rs. 130 for a Pasuvulakapari (cattle-boy).

Other Facilities and Perquisites

Small sums of money are advanced to the farm-servants free of interest to enable them to clear off old debts or to get married or for construction of a dwelling, and they are to be paid before their leaving the service of the creditor-master. Most of such advances made are returned by the Palerus before they leave a master, and often sums are borrowed from the new employer to repay the old one

before they join the services of the fresh one. But according to the Report of the Settlement Officer in Tanjore district, very often labourers who have received advances or loans from landholders "do take their departure without payment", if they migrate. Similarly a few are said to have run away to Rangoon from the Godawari districts formerly without repaying the amounts taken. Other perquisites consist of one or two pairs of upper cloths, one blanket or chaddar, a pair of shoes, one to five rupees as bakshis in cash, besides sweets and food on all festive occasions and ceremonies to some or all the members of the family. The cattle, the cart and other implements of the ryot may be lent freely to the families of the farm servants who do farming. At the time of harvesting, each Paleru is given one or two bundles of cut paddy per field, while the grain that is scraped out of the thrashing floor (kallam) also goes to the wife of the Paleru as a mamool.* In order to avoid misunderstanding and quarrels, the mamools on kallam in harvesting seasons are sometimes orally fixed in grain. But it is impossible to assign money values to all such perquisites which are given on special and not regularly recurring occasions, and above all regulated by the customary usages and the good understanding between the employers and the employed rather than by any system of contract.

Night Duty

Permanent farm-service implies night duty when required. The Paleru sleeps at his master's house or in the cattle-shed. He is to milk the wet cattle mornings and evenings and is to look after cattle once or twice during nights. When the crops are ripe, he is to sleep in the fields watching the crops or on the thrashing-floor during thrashing of crops. If the master owns gardens of lemons or oranges, he may be obliged to watch the gardens from thieves, jackals, etc., who may steal or destroy fruits and gardens. The fodder crops and the grass lands (beedu) are similarly to be watched at nights from being grazed by the cattle of others or cut and carried away by dishonest ryots. For all such services performed at night,

* This custom is probably aimed to remunerate partly any services rendered by the wife or female member of the farm-servant's family, such as taking daily the meals (munta) to the fields for the farm servants at midday. It is also interesting to note that in some villages in Nellore district the wives of farm-servants are obliged to do all sorts of petty jobs in the master's home for which no remuneration is given except two free meals a day.

no additional remuneration whatsoever is paid to the Paleru. A Paleru works generally for about 12 hours a day. Therefore, unmarried persons are preferred as farm-servants. If they are married, they may be only occasionally allowed to sleep at their houses with the previous consent of the master.

Conditions of Leave and Holidays

There are no holidays or conditions of leave as such to a farm servant. On three or five days in a year, a farm servant may be allowed to absent himself in the afternoon having done the day's work in the morning. Other things depend on the local custom, the relations between the landlord and the farm-servant and the nature of the individual landlord. If the landlord is satisfied about the genuineness of the absence of the farm-servant as due to sickness, etc., absence of about 10 to 12 days or even upto a period of 15 days in a year is allowed. If a Paleru absents from work for more than 15 days in a year or if the landlord is suspicious of the *bona fides* of his Paleru for the number of days absented in a year he may be asked to serve the number of those days extra after the end of the current year; otherwise a proportionate deduction may be made from his dues as "Nagas". If a seasonal labourer absents himself for any reason, his customary wages for the days absented are deducted as "Nagas." This aspect of permanent farm service is very monstrous in a civilized society, as a farm servant has to run to his master's house if he is laid down with fever, leaving perhaps his own father who is dying.

General Treatment and Traces of Agrestic Serfdom

The appalling conditions of Palerus that are ruling till very recently may bear frequently the traces of agrestic serfdom. But after World War II, things are rapidly changing and, as a matter of fact, many of the labourers are unwilling to work as Palerus. While some still continue as farm servants, they are changing their masters frequently and are continuing to work under the same masters hardly more than a year in the Northern Cirkars. Till very recently, the ways of addressing a labourer or Paleru are simply revolting to the sense of human dignity and to the tastes and standards of a civilized world. Beating of the cattle-boys and Palerus was very common. When a young Paleru showed any signs of disobedience to his master, the master used to beat his Paleru under

some pretext or other among which pilfering probably would head the list.

When the problem of unemployment has grown so serious among the rural people, there is no wonder that some driven by poverty and starvation, do not mind even working under conditions of serfdom. Agrarian serfdom is by no means extinct. Traces of mediaevalism are still seen with their ugly heads in India and nowhere are they so clearly discernible as in the status of the agrarian labour. Describing the conditions of the "Halis" who largely supply the agricultural labour in the Bombay Presidency, Mr. L. J. Sedgwick, gives a graphic account[1] about them in the Census Report of the Bombay Province, 1921. A similar account was given by Dr. Gilbert Slater about Padials[2] in his Introduction to "Some South Indian Villages." A "Padial" is a sort of serf who has fallen into hereditary dependence on a landowner by debt. He is bound to work on land from the time he borrows a sum from a landowner and he is tied to it until the loan is discharged. Such a loan is rarely paid and descends from one generation to another. When the land changes hands, the Padial also changes his masters with the land as a chattel, and the landlord thinks he can be brought back, if he runs away. In the South West of Madras there are Izhavas, the Cherumas, the Pulaya and the Holiyas, all virtually slaves. On the East Coast the Brahmin's hold on the land is the strongest and a large proportion of the agricultural labourers are Pariahs who are often Padials.[3]

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1. Census Report of the Bombay Province, 1921, Part I, pp. 219-23.

Note :—An enquiry was conducted by the Agricultural economics section of the University of Bombay into the conditions of life of the Halis in Gujarat at the instance of the Bombay Govt. during 1947—1948.

2. Gilbert Slater: Some South Indian Villages, Vol. I, 1918, p. 8.

3. Cf. Land Problems of India, by Radhakamal Mukherjee, 1930, pp 225.

CHAPTER X

LANDLORD—TENANT RELATIONS

The institution of land tenures or tenancy of land, as it developed upto the present day, was influenced quite largely by statute, custom and tradition. To understand the growth, evolution and variations in the tenure patterns, it is extremely important to know the economic and social implications of the legal aspects of the problem. If one is to evaluate the possibilities of improving landlord-tenant relations by legislative means, a knowledge of the chief features of the existing law on the question and the legal status of landlords and tenants in the ryotwari and non-ryotwari areas is indispensable. A brief study of the economic and social implications of the existing laws and statutes may also help a great deal in arriving at a sound judgment regarding possibilities and limitations of statutory regulations.

SECTION I

Tenancy Legislation in the Estates

The right of private property as an economic institution is a modern conception. That which obtained in the mediaeval and the pre-British era was not a legal relationship between one individual and another, but a social relationship among members of a social organization. In other words, in ancient times in India, the principle of 'Dharma' or 'right and Duty' used to govern all actions of the members of society. According to this conception the landlord was not the owner of land in the modern sense of the term but rather a holder of land on certain conditions. He owed duties to his over-lord or king in return for his rights and duties to his tenants in lieu of his share in the produce and services. A person possessed a particular right in the community which had also along with it a corresponding obligation to society. While community would scrupulously protect the rights, at the same time, it would zealously guard itself against violations of obligations. But due to the interaction of the economic forces which developed in the later period,

particularly during the British period, the old relations were disrupted; the old traditions of dual responsibility and liberality were changed, and a new class of landlords came into existence who degenerated into mere landowners and rent-receivers. It would mark the genesis of the class struggle between the landlord and the tenant. When the place of custom and the dread of society were usurped by the statutes and the modern courts of law, the landlord had shown the tendency to rely more and more on the extraordinary powers given to him by law than on the character of the tenant or on the equitable terms on which he would lease out his lands; and the new class of landlords proved stubborn in exacting the full value of the rent.

When the landlords in the estates as a class began to enhance rents and eject tenants, especially after the Permanent Settlement, it was felt essential that the Government should intervene and protect the tenants by legislation. An attempt is made, therefore, in the first instance, to survey the main phases in the evolution of tenancy legislation to understand the status and rights of tenants and the estate-dars or landlords and to know to what extent some of the defects of the land system have been due to laws passed by the Government or the way in which the provisions of the law have been misused or due to other tendencies which developed in the province and elsewhere in the past.

Permanent Regulation of 1802

It is necessary to analyse the Act of Permanent Settlement of 1802 with some detail, as it is the base for all the edifice of tenancy legislation which was built up in the province regarding estates in subsequent years. Probably, the first attempt in fixing the assessment of rent in areas which came under the East India Company is contained in the Minute of Lord Cornwallis dated 3rd February 1790, which is as follows:

" In order to simplify the demand of the landholder on the ryots or cultivators of the soil, we must begin fixing the demand of the Government on the former. This done, I have little doubt that the landholders will without difficulty be made to grant pattas to the ryots on the principle proposed by Mr. Shore (Sir John Shore)...... namely, that the rent of the ryots by whatever rule or custom it may be demanded shall be specific as to its amount, that the landholders

should be obliged within a certain time to grant pattas or if they refuse them to their ryots, only this amount shall be inserted and that no ryot shall be liable to pay more than the sum actually specified in his pattas......I agree with Mr. Shore that some interference on the part of the Government is undoubtedly necessary for effecting an adjustment of the demands of the Zamindars upon the ryots......Whoever cultivates the land, the Zamindar can receive no more than the established rent which in most places is fully equal to what the cultivator can afford to pay. To permit him to dispossess one cultivator for the same purpose of giving the land to another would be vesting him with a power to commit a wanton act of oppression from which he could derive no benefit......No Zamindar can claim a right to impose a new tax on the lands under cultivation......The rent of an Estate can only be raised by inducing the ryots to cultivate the more valuable articles of produce and clear extensive tracts of wastelands which are to be found in almost every Zamindary in Bengal."

Accepting these principles the Board of Revenue, Madras, in their instructions issued to the Collectors in October, 1799 stated: "The rights and privileges of the cultivating ryots, who, though they had no positive property in the soil had a right of occupancy as long as they cultivated to the extent of their usual means and gave to the Cirkar or proprietor whether in money or in kind the accustomed portion of the produce.[1]"

The Permanent Settlement Regulations of 1802 embodied these principles. The provisions with regard to the following points are evident from the various Regulations of 1802. In the first place, the demand of the Government on the estatedars is fixed in perpetuity, and they were recognized as the proprietors of the soils in their estates with powers of sale and subdivision of the estates (vide Regulation XXV to XXVII). At the same time, the corresponding rights of the tenants or under-tenants were duly taken note of, while

1. In a letter signed by Sir John Shore, Lord Clive and three others, dated 4th September, 1799, Fort St. George, all the Collectors of the Presidency were instructed that rent should be ascertained and fixed permanently and entered in the patta: "You will also prepare every necessary information respecting the rights of the Talukdars and the *under tenantry* through the different districts. that in conforming the proprietory rights of the Zamindars, we may not fail to ascertain the rights of the other individuals." Vide para 3 of the letter.

the estatedars were provided with the powers for recovery of their rents from the under-farmers or ryots. Some provision was made, however, to safeguard the interests of the ryots against excessive use of such powers. For example, the Zamindars could not restrain or sell lands, houses or other real property of their under-farmers, tenants and ryots without any default. On the other hand, if it was found on trial that such a procedure was resorted to by the Zamindar without any default of the ryot in respect of payment of rents, etc., the Zamindar might be liable to pay damages for his unjust use of some of the provisions of the Regulation XXVIII. Thirdly, under Regulation XXX pattas are to be issued by the Zamindars to his tenants. In fact the ryots and tenants of the Zamindars were provided with rights to demand pattas of their lands from the Zamindars who, if they were proved in the Courts as to have refused or delayed the issuing of pattas on such demands beyond the period of six months after the permanent settlement of their estates, were liable to pay damages. The rates of rents to be demanded from the ryots were in a way settled and the Zamindars were not entitled to levy any new assessment or tax of any sort. Section 9 provided that when disputes arise regarding rates of assessments in money or in sharing of crop, the rates were to be determined in accordance with the rates obtained in the cultivated lands in the previous year of settling the lands permanently, or if the rates were not ascertainable the rates prevalent on similar lands, of the same quality and description in other parts of the estates were to be levied.

But as soon as the Regulations became law, the Zamindars began a campaign of distraint and enhancement of rents, discounting the associated rights granted to the ryots and tenants under the Patta Regulation XXX of 1802. In fact the tendencies which became manifest since 1802 almost continued to be the same, till the passing of the Rent Recovery Act of 1865 to undo, to some extent, the mischief that was created by the Permanent Regulations, other subsequent piece of legislation and interpretation of some of their provisions in law courts in the Cirkars and in the Polliams of the South.

In the permanently settled estates, Pittapuram for example, what was fixed and settled at the permanent settlement about fixity

of rent was undone by one stroke by adopting and continuing contractual agreements entered with the tenants in systems like the "vantuvari[1]", ruling in some other estates as well. In other estates also evidence was adduced showing that there was undue enhancement of rents, ejectments and prolonged litigation since 1802. As an example, the proprietor of Cassimcottah claimed before the Board of Revenue that he had the right to raise the rents by 25% throughout his Havelly estate and to eject those ryots, if they did not agree to pay the enhancement.

As a matter of fact, Mr. Hodgson, a member of the Board of Revenue, in his Report, 28th March 1808, submitted in this connection, clarified the position in the same tone as Sir John Shore and Lord Cornwallis did, that both tenure and rate of rent had been fixed permanently and the Zamindar could not justifiably claim an enhancement of rates of rent in the following lines from the Fifth Report:—

"That no Zamindar, Proprietor (or whatever name be given to those persons) was entitled by law, custom or usage to make his demands for rent according to his convenience; or in other words, that the cultivators of the soil had the solid right from time immemorial of paying a defined rent and no more for the land they cultivated."[2]

Attention of the Government of Madras was also drawn by the Court of Directors during 1812 and 1814 about the need for reform of regulations regarding rents, etc., and in 1818, Sadar Adalat (Presidency Court) advised the Government on measures to save the rights of the ryots. It was pointed out by Mr. Fullerton, a member of the Council, in a minute on the reform of judicial system transferring summary powers to the Collectors for settling such matters, that pattas were not regularly issued by Zamindars, the right of occupancy was not distinctly understood and that the Patta Regulation 30 of 1802 had almost become a dead letter.

1 Under the "Vantuvari" system, there was no certainty of tenure nor was there fixity of rents The tenants were obliged to part with the lands cultivated by them in one year in preference to some others who could offer a higher rent to the Zamindar.

2. Para 35, *vide* Fifth Report, 1808. cf. also the famous speech of Hon'ble Mr. F. G. Forbes about the rights of the Zamindars and rents of wasteland while introducing the Estates Land Act Bill of 1908, *vide* Prakasam Committee Report, Part I, Ch VI, pp. 87-89.

Regulations IV and V of 1822

Thus after the Permanent Settlement of 1802, the next piece of legislation undertaken was the Regulation IV and V of 1822 which found the provisions of Regulations XXVIII and XXX of 1802 inadequate to protect the ryots from the oppression of the Zamindars and provided for the removal of summary jurisdiction from the Civil courts and vested them in the Collectors and for deciding, by Panchayats of cases concerning arrears of rents, rates of assessment, occupancy and cultivation of land. It also restricted the power of the estatedar to grant the lands of the ryots without previous consent of Collectors. As it was anticipated, the measures did not prove successful.

Rent Recovery Act, 1865

As a result of an attempt made in 1855 to frame a Revenue Code for the Province and the series of measures which followed, Act VIII of 1865, known as the Rent Recovery Act, was finally enacted. Three principles were kept in view before the Committee who prepared the Bill before passing it into an Act. Firstly, the ryots holding lands in their own right, hereditary or by the custom of the country at a fixed or long established rent, were to be protected in their occupancy. Secondly, that the division of the crop between the landholder and the tenant formed the ancient basis of rent and that the legal rate of this division was to be enquired into, in case of dispute, when other means of settling the rates of rent to the satisfaction of both the parties proved unsuccessful. Lastly, landholders might arrange their own terms of rent in case of unoccupied lands. Unfortunately, it was considered that engagements made voluntarily between the landholder and tenant regarding rents were to be respected and should not be interfered with.

The Rent Recovery Act was only a processual law which laid down rules for collection of rents by the landholders from the cultivators. The main features of the Act are as follows: The Act was supposed to embody the essence of all the previous regulations and to rectify their defects. The landholders were classified into two kinds as Zamindars and Inamdars, and ryotwari pattadars. However, the Act did not define the rights of Zamindars and ryots. For filing a suit for recovery of rents exchange of pattas and machilikas between the Zamindar and Inam landholder and the tenant was made

essential, unless both the parties mutually agreed to dispense with them. Proper action should be taken within one year of the date from which the arrears became due. The landlord of the above class was armoured with many powers. If the acceptance of a patta was declined by a tenant when it was granted by the landholder, the acceptance of the patta could be enforced by a summary suit before the Collector (Section XI). The landlord could only eject a tenant by a decree of Civil Court or by a summary suit before the Collector for non-payment of arrears or non-acceptance of a patta. Provision for landholders for distraint of crops and moveable property and even for the arrest and imprisonment of the defaulted for non payment of arrears of rents was made. A summary suit could be brought before the Collector for recovery of damages for excessive or improper distraint, loss of property during attachment, or irregularities in sale of property. Section XI of the Act became a source of rack-renting. At the same time, it was found not to be sufficiently strong to help some of the small proprietors in the recovery of their just dues.

The effects of the enactment were unwholesome. The introduction of certain clauses created confusion in the minds of the judges who believed that the features of English land tenures could be similar to those of the land tenures of the Madras Province in their ignorance of the prevailing local tenures, the status and relations between Zamindar or inamdar and tenant. Lord Morley made a characteristic reference in his "Life of Gladstone" about the ignorance of Englishmen on vital matters which might apply with equal force about their ignorance on Indian affairs. He remarked that "the parliament had made laws for landlord and tenant in Ireland without well understanding either an Irish landlord or an Irish tenant." Mr. Gladstone himself said of the learned Sir Roundel Palmer that "he knew no more of land tenures in Ireland than he knew land tenures in the moon." The High Court's decision in Chokalingam Pillai's case[1] resulted in depriving the tenant of the right of occupancy intended to be confirmed by the Act VIII of 1865 by throwing on the poor ryot in every case the burden of proving the custom of giving the tenant the occupancy right. In fact, the judgment was misrepresented in certain districts inducing the ryots to sign muchilikas acknowledging that they were mere tenants at will.

1. Cf. Mr. F. G. Forbes' speech before introducing the Estates Land Act Bill of 1908.

As it was pointed out by Hon'ble Mr. Crole[1] in 1898 in his speech at the meeting of the Legislative Council, the two unfortunate decisions of the Madras High Court in Chokalingam Pillai's case and in Faker Mahood's case encouraged the Zamindars in the process of rack-renting, so much so that they were actually playing the role of autocrats in their petty little estates and robbing the tenants of their hard-won gains by enhancing their rents by 200% or even 300%.

The Government of Madras was compelled to admit that the Madras Act VIII of 1865 'failed to assure the ryots that permanency of tenure as well as the security against exactions and oppressions which that enactment, as likewise the Regulations of 1802 and 1822, which had it consolidated, contemplated and intended to assure them the position, having regard to the magnitude of the interests involved, is fraught with anxiety and the Governor-in-council is satisfied, when remedial measures cannot be deferred any longer.'

The Estates Land Act I, 1908

The second landmark in the evolution of the rent legislation is the Estates Land Act I, 1908, which emerged after a series of measures that followed the Bill. prepared by Mr. Carl Michæl, to deal with the tenancy problem on the lines of the First Bengal Bill. It is an elaborate piece of legislation concerning estates which was intended to undo all the mischief that had been done by the Rent Recovery Act of 1865 and to declare the rights of cultivators and landholders in a clear and unambiguous manner*. In other words, the Act had two objects in view, one to rectify the evil effects of the Madras Act VIII of 1865 and, two, to define the rights of landholders and their tenants in clear terms, as such a definition was not attempted in the previous enactments, and to confer occupancy right to the ryot and protect him against eviction. In this connection a few important sentences may be quoted from the famous speech[2] of the Hon'ble Mr. F. G. Forbes while introducing the Estates Land Act Bill of 1908. Reviewing the chief events from the early times upto the

1. Reply of Raja of Bobbili to Hon'ble Mr. Crole's speech, 13th June, 1898, Ootacamund. *Vide* Extract from the Madras Tenancy Bill 1898 (pp. 727-744).

* See Prakasam Committee Report, 1938, Part I, Ch. VII.

2. The speech was quoted by the Committee in defence of the view held by the Committee regarding fixity of tenure and the fixity of rents at the permanent settlement (vide pp. 87-89, Ch- VI, Part I of the Report).

introduction of the Bill, Mr. Forbes opined that the settlement of Government demand with the estatedar in perpetuity also implied the fixing up of the share of the landlord in respect of rents after the permanent settlement, except in the case of his private land and the old waste.

"There was clearly no intention on the part of the framers of the Act (Act VIII of 1865)...... to differentiate the cultivators into occupancy and non-occupancy ryots or to define the limit of their rights......If upto 1865, the ryots had certain rights, there was nothing in the Act to destroy them......The status of the occupancy right is incompatible with a contractual relation and the payment of a competitive rent. ...The Zamindars make a strenuous claim that they have special rights over the waste: in other words, that they can exact for cultivation thereof such terms as they please or, what is the same thing, impose a rent and not an assessment. No constitutional basis can be found for such an argument; Zamindar is in law no more than an assignee of public revenue. The view, which I have taken, of the opinions recorded by the highest authorities down to 1865, give no colour to such pretension; and if it did not exist during all these years, nothing that has been enacted since, has conferred rights which were not possessed at that time."

The Act of 1908 strengthened the hands of the landlords for recovery of rents by making the cist as the first charge on land and by declaring that a substantial accurate patta was sufficient to proceed for the realisation of the just dues of the Zamindar or Inamdar. Among other things, the Act gave a right to acquire for tenants land for buildings and for other purposes and an absolute right to the landlord to dispose of his private lands. The obligation of the Zamindar to maintain public irrigation works was specifically declared as recognised in the Karvetnagar case. One of the defects of the Act was that it did not distinguish between ryots whose rights had been secured permanently at the time of Permanent Settlement and those who became cultivators by taking up old waste-land and abandoned lands. As the Prakasam Committee observes, when two such irreconcilable classes were brought within the scope of the Estates Land Act, the difficulty of the Legislature was greatly enhanced in framing sections so as to make them applicable to both the classes.

The Inams Amendment Act, 1936

In the next year (1909), an amendment to the Act was made with regard to clarifying the relations of the Zamindars and the Inamdars regarding recovery of dues of the Zamindar from the Inamdars as quit-rent, Jodi, Poruppu, etc., "in order to place the tenant of the Inamdar in the same position as the tenant of the Zamindar." Ultimately the Estates Land Amending Act XVIII of 1936 was passed after a good deal of controversy (on 28th August 1936) to amend some of the provisions of the original Act I of 1908. It includes the inams also along with the Zamindaries in the term "the estates" and confers occupancy rights to the inamdari ryots. If the Inamdar could prove in a court of law that he had also the kudivaram right (right to cultivate as distinguished from the melavaram right or right to enjoy a revenue from the inam lands). which did not come within any of the definitions of private land, the tenants of such land could acquire occupancy right on payment of one year's rental as compensation to the Inamdar.

The Madras Estates Land Bill, 1938

After passing of the Estates Land Act I, 1908, no important legislative measure of a comprehensive character was undertaken till the Madras Estates Land Bill of 1938. The Bill could not be enacted as law during the tenure of office of the previous Congress Ministry owing to the organized opposition of the landed interests and the unfavourable criticism of the public. The chief features of the Majority Report of the Committee which was the basis of the proposed Bill were as follows: (a) the proprietory right in the soil is placed in the ryot and not in the Zamindar who is a mere assignee of public revenue. All the legislation that was made since 1802 could not alter this fundamental fact. What was at the most transferred to the Zamindar by the permanent settlement was the melavaram right possessed by the Government and not the kudivaram right which was associated with the ryot since times immemorial,[1] (b) both the rent payable to the Zamindar from the tenant and the peishkash from the

1. "Originally in this Presidency the only two parties interested in the soil were the State and the Ryot, when the Government under the Permanent Settlement of 1802 transferred to the Zamindars the status of rights as landed proprietor it obviously could transfer no higher rights in relation to Zamindari rights than itself possessed." *Vide* letter from the Government of Madras addressed to the Government of India, dated 19th November 1897.

Zamindar payable to the Government were fixed and settled permanently by the Settlement Regulations of 1802. It follows that, if enhancements of rent by the Zamindars were justified on some arguments, the same might also be employed to justify the enhancement of the peishkash from the Zamindar. Out of the above two chief conclusions, one corollary was drawn, namely, that the enhancement of rents, exactions of illegal dues and several rights about their proprietory right in the estates raised by the Zamindars after the Permanent Settlement were without strong foundation. Therefore, the Committee made the following recommendations. Legislation should be undertaken annulling the provisions of the Act of 1908 regarding estates, and issuing pattas and full occupancy rights to the ryots by the Zamindars and the land revenue collected from the ryots should be fixed permanently at the pre-settlement rates, (namely, rates provided in the year 1801) which were deemed to be fair and equitable.

The defects of the Bill are too obvious. Though the Bill was conceived with the best of intentions, the approach to the problem was not made from a correct perspective. It was largely legalistic in character, the more important economic, social and other aspects of the question having been neglected. In fact, the Bill instead of doing away with the Permanent Settlement system, which is an accepted evil in whatever form, may go to perpetuate it by fixing pre-settlement rates which would be detrimental to the financial resources of the State and intensifying inequities of incidence of tax burdens among the tax-payers, particularly hitting those in the ryotwari areas rather unfavourably. Moreover, there is another inconsistency in fixing rents which was pointed out by Dr. B. V. Narayanaswamy in his dissenting minute. The ryot is to pay, according to the Bill, the land revenue assessment fixed in perpetuity at the Permanent Settlement. But the land revenue to be arrived at is not this rate, but an average rate arrived at by dividing the gross income by the area on which it was fixed. The latter is entirely different from the former.[1] Though the Committee's Report made available to the public an immense volume of literature on the subject (which was formerly kept out of the public eye as confidential) and threw some light on the conditions in the estates, its glaring drawback was that the problem of absentee landlordism

1. Memorandum on the Report of the Prakasam Committee, 1939, by K. G. Sivaswamy, p. 44.

was lost sight of and the actual tillers of the soil were completely ignored.

Recent Measures

With the installation of the Congress Ministry in the province interest was revived in the subject in view of the directive of the Congress High Command regarding elimination of the intermediaries between the State and the actual tillers of land by payment of equitable compensation as embodied in the Congress Election Manifesto. Recently, two Zamindari Bills, one for reduction of rent payable by the Zamindari tenants and another for abolition of the Zamindari system itself were passed by the Madras Legislative Assembly almost simultaneously. The Bill relating to reduction of rent was considered more urgent in view of the "Present unbearable heavy rent", and legislation in that connection was taken up first. The Madras Estates Abolition Bill, 1947, was aimed to take steps for the Abolition of the Zamindari system itself after paying necessary compensation to Zamindars. [1]

SECTION II

Tenancy Legislation in Malabar

The question of tenancy legislation in Malabar attracted attention of the Government long ago and the mass of literature contributed on the subject, time after time, during the last sixty years is great. Interest of both the public and the Government was created very early because of the frequent agrarian outbreaks of the Moplas in the district which may be traced back for about a century from the most recent troubles down to the year 1836. In the year 1881, owing to the strained relations of landlords and tenants which, as was feared, might break into a serious outbreak, Mr. Logan was appointed as a Special Officer to enquire into the question of land tenures and the adequacy of compensation allowed for tenant's improvements. Valuable findings were made by him regarding the status and interests of different classes of agriculturists as the jenmi and the Kanamdar. It was recommended that legislation was to be undertaken for conferring fixity of tenure to the actual cultivators of not more than twenty-five acres of wet or dry land, or five acres of garden land, fixing rent at two-thirds of the net produce.

1. See Chapter XI, on 'Agrarian Reforms'.

Mr. Logan's report was subjected to a staunch criticism and hence the matter had to be again considered by a Commission with Sir T. Madhava Rao as Chairman and, in July 1884, more or less the same views were put forth. This, in turn, was viewed critically by the Chief Justice of Madras, Sir Charles Turner, and a strong committee was appointed to consider the whole matter in the light of the criticism of the Chief Justice. The Committee favoured the view giving the full value of his improvements to the tenant on eviction.

Accordingly, the Malabar Compensation for Tenant's Improvements Act I of 1887 was prepared. Very erroneously, the Committee held the view of Justice Turner that a legislative recognition of an occupancy right for the tenant was not justified by historical considerations or on political necessity. It was also recommended that a tenant should not be ejected without a previous notice of 6 months and before the end of an agricultural year. But, in practice, it was found that evictions could not be checked by the provisions of the Act effectively, largely due to the inadequacy of compensation granted by the courts. So the Act was amended and re-enacted as the Tenant's Improvements Act I of 1900. As expected, the measure was not found effective to check evictions because what the tenant wanted was not compensation on quitting the cultivated land but a right to continue to cultivate same land on payment of a reasonable rate of rent.

The subject of tenancy legislation was again examined from time to time, and in 1905 it was decided that the matter might be kept in abeyance until the passing of the Estates Land Bill. But the Estates Land Act I, when it finally emerged in 1908, omitted the district of Malabar within its purview by notifying the district to the effect. A report was called for from the Collector of Malabar in 1911 by the Government on the results of the compensation for Tenants' Improvement Act. But the Collector's report (1915) was shelved on account of the unfavourable criticism of his successor who maintained that there was no political or economic reason for undertaking legislation.

In the year 1924, Sir M. Krishnan Nayar introduced a Bill called the Malabar Tenancy Bill in the Legislative Council which contained provisions to grant fixity of tenure on all Kanamdars and on all cultivators of land who had been in possession for six years or more

and to prohibit the evil of 'melcharths' in any form, and to fix rates of rents and renewal fees. As a consequence, a committee was appointed known as the Raghaviah Committee to inquire into the difficulties of the Malabar tenants and suggest suitable ways of remedying them. *The Raghaviah Report*, 1928 stated that the chief disability of the Malabar tenant was the insecurity of tenure, and cases of unjustifiable eviction are likely to increase in future due to changes in the economic and social conditions of the people. They recommended that qualified and optional fixity of tenure might be conferred, subject to conditions set forth in their report, on certain classes of tenants and opined that legislation to that effect would be sufficient to prevent arbitrary evictions. They also recommended fixing of fair rents and renewal fees. As compensation the landlords were to be given special facilities for collection of rent and renewal fees and guarantees against loss by providing security of rent and making rent and renewal fees a charge on the holding. They concluded by expressing that they were conscious that their report was not the last word on the subject, but only one step in the right direction and that many more steps might have to be taken before the ultimate goal was reached. The outcome of the Raghaviah Committee Report was the *Malabar Tenancy Act XIV of* 1930 which embodied the recommendations of the Committee with slight modifications. The Act was a distinct advance on similar legislative measures undertaken in Travancore and Cochin, where a qualified fixity of tenure had been conferred only on certain Kanam tenants.

Report of the Committee on Malabar Tenancy, 1940

Same defects became manifest in the working of the Act in a few years, and in 1938 the Government actually gave notice of introduction of a Bill to amend the Act. But, subsequently, it was deemed that a legislative piece of a more comprehensive nature was necessary and a committee was appointed (5th July 1939) to study the nature and effects of the land tenures prevailing in Malabar district and in adjacent areas where similar tenures are prevalent and to suggest legislative measures necessary for the regulation of tenancy and similar relations in these areas.

There was no unanimity of opinion among the members of the Committee regarding the origin and nature of tenures. It was agreed by a majority that the Kanamdar (cultivator) was the original

owner of the soil and that 'janmam' was a kind of overlordship and not an absolute right in the soil. To raise the economic position of the agriculturist the need for increase in the productivity of land, better irrigation, marketing facilities, development of village industries, arts and crafts was stressed. Immediate relief was recommended in cases where the land revenue assessment was found excessive and out of all proportion to the income.

Important observations were made about fixity of tenure, fair rent, eviction and relinquishment (Chapters VI and VII of the report.) Fixity of tenure should be granted for all classes of lands including commercial sites (lands which are not used mainly for agricultural purposes or as kudiyiruppus), except those transferred for the cultivation of fugitive crops, pepper (as a main crop), tea, coffee, rubber, cinchona or any other special crop prescribed by rules. Fixity of tenure, both heritable and alienable, should be granted to all classes of tenancies except certain Kanams which are really mortgages. In order to prevent the evasions, fixity of tenure to any mortgagee whose mortgage is shown to have been granted in place of a tenure, may be conferred. The grounds of eviction of tenants are to be restricted. Failure to take a renewal will no longer be a ground for eviction, as renewals in the present form are to be done away with. Denial of title, waste and collusive encroachment under the provisions of the previous Acts are to be retained.

No tenant should be compelled to pay more than a fair rent. Fair rents are to be fixed simultaneously for all land in a locality by a Rent Settlement Officer in consultation with advisory assessors representing the interests involved. The cost is to be recovered from actual cultivator and his immediate landlord. Rent should be remitted in proportion to remissions of land revenue granted for failure of crop. For recovery of rent there must be a summary procedure having the force of a decree against tenant's rights in the property. Different rates of fair rents are recommended for the Malabar plains and the Wynaad taluka, the formula suggested for fair rents being based on a share in the net produce and in some exceptional cases like the cocoanut gardens, etc., on a share in gross produce. The rates are to be raised and adjusted after every 20 years.

Regarding the elimination of the intermediaries, it is suggested that irredeemable bonds for the capitalised value of the rights of the

intermediaries may be issued to them and interest payable on such bonds may be collected from the cultivator along with revenue of land and paid over to the holders of the bonds. This arrangement may offer credit facilities to the impoverished cultivator to purchase the rights of the intermediaries; otherwise, it would be very hard for the farmer to avail of the opportunities open to him by a mere declaration of the Government about the compulsory purchase of the janmi's and the intermediary's rights by the cultivating under-ryot or tenant.

SECTION III

Landlord-Tenant Relations

The relations between the landlords and tenants were very strained during the depression. They are rapidly heading to be more acute owing to the land-hunger and the agrarian unrest in the province and all over the country. There is a feeling of internal dislike in the tenant class against the landholders, as the rents charged by the landlord class are considered to be very high and disproportionate to the expected yield of land. One views the other with suspicion. When a rentier finds his tenant prosperous, he tries to enhance the rent. There is a local saying that a tenant must be capable of weeping before his landlord. The tenant shall not generally admit the amount of his gains before his lessor. Thus there is a continued effort on the part of the tenant to get reduction of rents and to avoid payment of rents on grounds of distress and poverty, while the other frightens him with threats of eviction and civil courts. The landlord is uncertain whether the tenant's pleas of poverty and losses are true, while the tenant may also be uncertain whether the landlord is serious in his threats of ejectment and taking legal proceedings. There is no guide to direct the parties as to how much is to be demanded and how much is to be conceded. Arrears of rents were common before the war due to high rents, bad harvests and practice of advance payments or deposits against rents. But due to rise in prices and the regular collection of rents by landlords, it is said that rents are not falling into arrears during the last five or six years. In a period of depression, the prices of agricultural produce fall, rents fall into arrears and the relations between the landlords and tenants get relatively more strained. But at the back of the present agrarian discontent there are powerful factors, largely psychological, as the political awakening of the masses, the spread of

agrarian trade union movement and the ferment of socialist and communist movements that are rapidly engulfing the whole globe.

The classification of cases filed in the civil and criminal courts is so constituted that statistical information regarding the trends of the relations between the landlords and tenants and the growth of criminal tendencies consequent on the agrarian discontent is not readily available or easily collected. Therefore, enquiries made to that effect by the writer with the Assistant Registrar of the Madras High Court bore no fruit. Nor was it possible to obtain information from the District Courts and the Munsiff's Courts in the talukas without any directive from the provincial headquarters regarding the number of cases filed in each district about the evictions, rents and criminal cases arising out of these strained relations of the agrarian classes in recent years in order to compare those figures with similar figures in the past decades. It was reported that registered notices were issued in the taukas of Tenali, Tiruvur and Chipurupalle by some of the landlords to their tenants asking them to quit lands or intimating the expiry of current leases. But it may be noted that since litigation is considered costly, considerable amount of action is possible for eviction, realisation of rents, etc., without going to the courts. To avoid litigation, the tenants are frequently changed at short intervals and the rentiers are extraordinarily careful to see that all rents are recovered regularly. Rents are not allowed to get in arrears and all arrears of rents are usually settled and ajusted within a period of three years. In view of the tenancy legislation which may be introduced in the province, a good number of leases are not renewed after their expiry, which is the same thing as that many tenants are ejected at the expiry of the current leases.

All the discussions in the foregone pages clearly point out the urgent need for enacting a comprehensive tenancy legislation to regulate landlord-tenant relations, to fix the rates of rents and to stabilise agricultural conditions in the province. A brief outline of the attempts made in that direction in recent years in some of the provinces may serve as a useful background to understand the reforms suggested in the final chapter.

SECTION IV-A

Recent Tenancy Legislation in India

Agrarian policies and rural problems received the great attention of the popular Ministries ever since the advent of the new Constitution.

Almost in every province, in six out of the eleven provinces (of India undivided), important tenancy legislation was carried out to consolidate and extend the rights of tenants. Notably in the provinces of the U.P., the C.P., Bihar and Bengal fresh amendments to the existing Tenancy Acts were made during the years 1938 and 1939 to stabilise landlord-tenant relations in the proprietory estates. In Bombay Province for the first time, tenancy legislation to regulate tenancy conditions in the 'purely' ryotwari areas also was made in 1939 which was amended and extended in the year 1946.

The main features of these tenancy reforms have been to restrict the scope of unpermissible enhancement of rents, to prevent arbitrary ejectments, to confer what are called occupancy rights on tenants so as to make lands heritable and sometimes available, to place restrictions on the right of distraint for arrears of rents and to grant exemptions in case of attachment in respect of seed, cattle, and operating equipment, to provide that suspensions of land revenue should also benefit the tenants through suspension or reduction of rents, to provide for compensation to the tenant for any improvements he may make on the land, and, lastly, to protect the tenant from "veth" and other illegal exactions[1], etc.

Some of the main provisions of the important Acts regarding fixing of rents, security of tenancy, rights of tenants, etc., are briefly discussed * under the following headings.

1. Rights of Tenants and Security of Tenure

Two important Acts were passed by the Bengal Government during 1938 and 1939 amending the Tenancy Act of 1885. The tenants were continued to be classified into three categories, viz., tenure-holders, ryots and under-ryots. Protection is given to occupancy tenants, but nothing was done for Bargadars or crop-sharers. The U. P. Tenancy Act, 1939 has extended occupancy rights to tenants and has conferred hereditary right of occupancy on certain classes of tenants. The Tenancy Acts of 1937 and 1938 in Bihar have provided that an under-ryot who has held the same land for a period of 12 years, whether wholly or partly before or after the

1. Cf. Sir Manilal Nanavati and Prof. J. J. Anjaria: The Indian Rural Problem, 1944, Part II, Ch. VIII, p. 132.

* Cf. Tenancy reform in India by D. K. Malhotra, 1941.

commencement of the Bihar Tenancy (Amendment) Act, 1938, shall have right of occupancy in such lands. On acquisition of such a right, he will enjoy rights similar to those of an occupancy tenant with regard to trees, bamboos; use of succession to, and eviction from land. A bold stroke of policy in law regulating the land-lord-tenant relations has been introduced by the Government of C. P. and Berar in their C. P. Tenancy Act, 1920. The classification of tenants into occupancy and non-occupancy was found to be inadequate to protect from capricious and arbitrary eviction of industrious cultivators. The factor of period of occupation of land with regard to acquiring occupancy rights was also done away with. The Tenancy Act, 1920 has made every tenant, whatever the length of his occupation, an occupancy tenant or a tenant with a permanent right of occupancy and the ordinary tenancy rights were made inalienable. The C. P. Tenancy (Amendment) Act of 1938 has made only a few amendments in the C. P. Tenancy Act, 1920 with a view to penalise 'Begar'. The employment by any landlord of his tenant or a member of the tenant's family or his servant or the use of the tenants' livestock or operating equipment without making payment for such use or against the will of the tenant was prohibited on penalty of fine.

By the Bengal (Amendment) Acts of 1938 and 1939 Salami or andlord's transfer fees (similarly, in Bihar by the Tenancy Acts of 1937 and 1938) and their rights to pre-emption in case of sale of their occupancy holding have been abolished. Right of pre-emption has been given to co-sharer tenants with occupancy holdings. Tenure-holders and all classes of under-ryots have been given the option to surrender their tenures or holdings. Under-ryots with occupancy rights have been given the same right of transfer as enjoyed by occupancy ryots. According to the U. P. Tenancy Act 1939 the landlord can acquire expropriatory rights in all khudkashat of three years standing (instead of that of ten years as under the previous enactments). Provisions have been made for voluntary exchange of lands in the tenant's holdings for land which is landlord's *Sir* or *Khudkhast* and which is fallow, as well as for exchange of land between tenants of the same class with consent of landholders. An order for compulsory exchange may also be obtained by applying to the Sub-divisional Officer if exchange is aimed at consolidation of holding or construction of a house or improving facilities on holdings. The right of landholder to acquire land in the possession of a tenant

has been restricted to the acquisition of sufficient land to provide the landholder with 5 acres for a house, a garden or a grove. Under the C. P. Tenancy (Amendment) Act, 1938 occupancy tenants have been given the right of transfer by sale or otherwise except by a simple mortgage to a co-tenant or heir or transfer by sale to any other person. The landlord will have the right of pre-emption in case of transfer by sale and/or shall be entitled to an amount by way of consent if he does not purchase the right in the holding himself. The Orissa Tenancy (Amendment) Act, 1938 has also given full right of transfer of holding to the ryot without any interference from the landholder and without payment of any mutation fees.

Under the C. P. Tenancy (Amendment) Act of 1938, a tenant will have the same right in all trees in his holding as he has in the holding itself. He has been given unrestricted right to fell and take timber of any babul tree, clear his land of scrub jungle, propagate and collect lac on the holding (cf. Rights of tenants in respect of trees under the Orissa Tenancy Act, 1938).

One of the outstanding features of the U. P. Tenancy Act, 1939 is with regard to *Sir* land which raised much opposition from landlords. Under the provisions of the Act, acquisition of fresh *Sir* land (home-farm) after the enforcement of the Act has been prohibited, while the extent of *Sir* land held by bigger landholders has been reduced. Although the Act has shaken the foundations of landlordism, it is in no way considered highly expropriatory. For the landlords having *Sir* lands paying more than Rs. 25 as local rate or more than Rs. 250 as land revenue are brought to book under the Act and the provisions of the Act might not have affected 3,000 to 4,000 Zamindars in the province.

2. Fixing of Rents, Enhancement and Remission of Rents

By the U. P. Tenancy Act, 1939 the basis and method of fixing rents have been clearly laid down. The chief considerations which are to be taken into account in fixing rates of rent by the officers concerned in respect of permanent occupancy tenants are the prices of agricultural commodities prevalent at the time, changes in the crops raised and the variations in the yields and the costs of cultivation and the cost of maintenance of the tenant and his family. The rent of a holding shall not exceed one-fifth of the produce. Enhancement of rent due to improvements made by the landholder himself

(except for enhanced increment) has been allowed to continue. The Floud Commission in Bengal has recommended that until the scheme of State acquisition is enforced, the rent of the under-ryot should not be more than one-third in excess of the average rent of his immediate landlord. Bargadars are also to be considered as tenants and the share of the crop to be recovered from them should be made one-third instead of one-half of the produce. In the Central Provinces, rents are fixed for different classes of tenants. While arriving at the costs of cultivation, items particularly like the depreciation of stock and buildings, the cost of labour and supervision of the farmer and his family, interest on the cost of holdings, stock and expenses for seed and manure and on the costs of agricultural operations paid for in cash are to be taken into account. In addition, as in ryotwari areas the Settlement Officer looks into profits of agriculture, existing level of rents in the locality and the sale prices of land, the consideration for leases and principal moneys or mortgages.

In Bihar, the Tenancy Acts of 1937 and 1938 have made provision for commutation of rent in kind into money paid by an occupancy ryot and the amount of money rent to be fixed by the authority prescribed under the Acts. All enhancement of rents on occupancy holdings made between 1st January 1911 and 31st December 1936 have been cancelled, thus reducing rents to the level of 1911. Rent of any occupancy holding, which was commuted between January 1911 and December 1936 have been reduced in the same proportion of the fall in prices. Partial or total remission of rent of occupancy holding can be given by the Government or Collector for such period as is considered reasonable in the circumstances on the ground of deterioration of soil or failure of landlord to carry out the arrangements in respect of irrigation which he is bound to maintain. Recent legislation in Bengal has suspended all the provisions of the Tenancy Act, 1885 relating to enhancements of rents for a period of ten years from 27th August 1937. The Amendment Act of 1939 asserts that courts cannot give a decree for enhancement of rent on the ground of an increase in the area of a tenure or holding, unless they are satisfied there has been, in fact, an increase in the actual area since the rent previously paid was settled. While the U. P. Tenancy Bill of the Act of 1939 was being prepared some measures of relief regarding recovery of rents, suits for ejectment and enhancement of rents were adopted

to accord temporary relief to the tenants. The U. P. Rent and Revenue (Relief Act), 1938 provided that remission or suspension of revenue should be accompanied by the remission or suspension of rent, and the remission in rent should, in Oudh, as in Agra, be proportionate to the remission in revenue. The U.P. Stayed Arrears of Rent (Revision) Act of 1939, remitted all arrears of rent due from tenants in respect of kharif 1344 Fasli, or previous Fasli, and for rabi 1344 fasli in areas where remissions for agricultural calamities had been given. Sections 123 to 126 of the U.P. Tenancy Act, 1939 deal with provisions relating to relief in agricultural calamities, and revision of rent and revenue when there is a sudden rise in prices or in an emergency.

Besides some of the measures discussed above, direct legislative action was taken to give relief to the agriculturist in the post-depression period which was clearly specified in some of the Tenancy Acts referred to. In the recent tenancy laws made in Bengal provision has been made to the effect that all usufructuary mortgages on occupancy holdings entered into before the Amendment Act of 1928 would expire at the end of 15 years and thus the holdings revert to the original ryot. Greater facilities have been provided to occupancy ryots to regain possession of mortgaged holdings. The Bengal Tenancy Amendment Act, 1940 contains important provisions regard ing mortgages on agricultural land. All usufructuary mortgages entered into fefore 1928 and subsisting on or after 1st August 1937 and other mortgages entered into after 1928 and before 1940 shall expire after the period of their duration or 15 years whichever is shorter The object was to provide for restoration of all mortgaged lands after a maximum period of 15 years. Moreover, under certain conditions, the court may order restoration of mortgaged property to the mortgagor. Interest on arrears of rents are reduced to 6¼% in Bengal, Behar, etc., and to 6% in Orissa.

3 Recovery of Arrears, Eviction, Compensation, Distraint, etc.

In the U.P., all receipts for rent must be issued in printed forms sold by Government, and a landholder who fails to issue receipts is liable to be penalised. Rent is made the first charge on holdings under the C. P. Tenancy Act, 1938. Arrears of rents may be realised. An occupancy right cannot be ejected except by a decree of a civil

court for having diverted land to non-agricultural purposes and without giving opportunity to tenant for repairing the damage caused by such diversion. The U. P. Tenancy Act, 1939 amended the provisions of the previous Acts to alleviate their severity in respect of ejectment for non-payment of rent and the system of realising rent by distraint. A suit in a revenue court or an application for notice of ejectment is necessary. But the amount in respect of which a notice can be issued cannot exceed one year's rent and the tenant may get two years time for payment. Distraint of crops for realisation of rent is abolished (cf. the C. P. Tenancy Amendment Act, 1938). According to the Behar Tenancy (Amendment) Act, 1938, if a ryot or under-ryot defaults in payment of rent for more than an year, the landlord may apply to civil court for recovery of arrears by the distraint of crops. If a ryot defaults in payment of rent for a period of four consecutive years after the commencement of the Amendment Act, 1937, he may be held as a habitual defaulter and the entire holding may be sold for the realization of arrears of rent. If a landlord is unable to recover rents under certain unusual circumstances he may apply to the provincial Government who may realise them according to a specified procedure.

4. Sub-Letting

These and other rights have enhanced the value of occupancy privilege which has led to increased subletting in the non-ryotwari proprietory lands in some quarters. Some of the provisions with regard to subletting in the recent Acts are as follows. With regard to powers of subletting, the following provisions have been made under the U. P. Tenancy Act. In Agra, the chief classes of tenants have been allowed to sublet for five years and to sublet again after the expiry of a period of three years. In Oudh, tenants holding on special terms and occupancy tenants retain their old right of unlimited subletting: Non occupancy tenants will have the right which they had in Agra of subletting for one year and again after another period of one year. The right of sub-tenants or tenants of *Sir* land to sublet has been abolished. Under the C. P. Tenancy (Amendment) Act, 1939 occupancy tenants have been given the right to sublet for five years. If a land (except that belonging to a charitable or religious endowment) is habitually sublet, the sub-tenant may be declared an occupancy tenant of such land and the right of original

tenant terminated. Subject to certain restrictions, the sub-tenants of malik bakbuza lands or *Sir* lands may also be declared as occupancy tenants.

5. Prohibition of Illegal Exactions

Lastly under all recent tenancy Acts, realization of abwabs by the landlord or his agent have been declared illegal and made punishable with fine. In the U.P., all the customary realisations which do not form part of the rent such as nazarana, hari, begar, bhusa, etc., have been prohibited.

SECTION IV-B

The Bombay Tenancy Act, 1939 is a comprehensive piece of tenancy law which may be reckoned as the first attempt in the direction of legislative control of tenancy conditions in the purely ryotwari areas also. It is, therefore, reserved to the end for special consideration. Before passing this Act, what is known as the Bombay Small Holders' Relief Act of 1938 was enacted as a measure of temporary relief under which eviction of a tenant who was in uninterrupted possession of a holding from 1st January 1932 was prevented, provided that the tenant paid the landlord rent for one previous year. Remission or suspension of land revenue is to proportionately reach the tenant by way of reduction in rent.

The main features of the Tenancy Act, 1939 may be briefly laid down as follows. The scope of the original Bill was confined to tenants only in Inam, Khoti and Talukdari villages covering only 8% to 9% of cultivated land of the province, but it was extended later on to all tenants. (i) The Act creates a class of 'protected tenants.'* Reasonable rent will be determined by the Mamlatdar (Tahasildar) according to procedure and principles specified in the absence of settlement of rent according

* "A protected tenant" is one who has held land uninterruptedly for a period of at least 6 years, immediately preceding 1st January 1938 and has cultivated such land personally. Tenants who had cultivated any land continuously for a period of not less than 6 years immediately before the 1st April 1947 and had been evicted on or after that date were also to be included among the protected tenants if they paid rent specified under the Bombay Small Holders Act, 1938. Such tenants are entitled to recover possession of the land intimating to the landlord that they were willing to continue to cultivate on the old terms.

to mutual agreement between the landlord and tenant or according to prevalent custom or 'local usage,' after taking into account rental values of similar lands, prices of crops etc. Rent thus determined can be reduced or enhanced by the same authority after 5 years. The maximum rate of rent payable by tenants in specified areas will be fixed by the provincial Government and no landlord will be entitled to collect rents at higher rates. (ii) Complete or partial suspensions or remissions must be followed by a similar grant of suspensions or remissions in rents by landlords to tenants. (iii) Rent receipts for the amount of rent received must be issued by the landlords and failure to do the same makes a landlord liable to fine. (iv) A protected tenant cannot be evicted except when he fails to pay arrears of rents within 4 months of the enforcement of the Act or fails to pay rent in any year within 15 days of the payment of land revenue by the landlord or causes damage to land or sublets or does not cultivate personally or uses land for non agricultural purposes. A landlord is always free to terminate a lease if he desires to cultivate the land personally by giving one year's notice to the tenant. But if the landlord fails to use the land in the above manner within one year or ceases to use it within a period of 12 years of his taking possession of land, the tenant is, however entitled to obtain the same land on lease under the same old terms. Again a tenant cannot be evicted from a dwelling house unless the tenant fails to pay rent of the site of such a house. In case of sale of such a site by a landlord, the tenant occupying the dwelling house will have the first priority to buy it. (v) If a tenant pays to the rentier the arrears of rent and costs of the suit while the proceedings for eviction of a tenant for rent arrears are pending in a court, the court may direct that the tenant may be allowed to continue on the land as before. Similarly ejectment of a tenant for causing injury to land will not be effective if the tenant repairs the injury within one year. (vi) On eviction a protected tenant is entitled to full compensation for improvements effected by him in land. (vii) If a protected tenant dies, his heirs are entitled to continue on the land under lease on the same terms and conditions. (viii) No subdivision of a land will be binding on a protected tenant on the holdings without the written consent of the rentier. However, the rights conferred on the protected tenant by the Act cannot be mortgaged, leased or alienated nor can such rights be seized, attached or sold by any court. (ix) Every ryot, protected or otherwise, is entitled to the produce and the wood of trees planted by him during the

period of his tenancy and to compensation on termination of his tenancy. (x) Lastly, all cesses, rates, taxes or services of any kind forced by the landlord over and above the fixed rent are declared illegal and the landlord levying them is liable to a fine upto Rs 1,000.

The Bombay Tenancy Act of 1946 to re-enact the Bombay Tenancy (Amendment) Act of 1941 and to amend the Bombay Tenancy Act, 1939, contains some important changes though not fundamental. The provisions of the previous Act have been applied from 1st April 1941 gradually and piecemeal to districts of Surat, Thana, West Khandesh and Dharwar and to all Partially Excluded areas in the province. . The Act has now been applied to the whole province from 11th April 1946 gradually and piecemeal. The Act asserts that the working of the previous enactment has revealed that the rights conferred on the tenants and the liabilities imposed on landlords have not been effectively enforced as the tenant is too ignorant and illiterate and too much under the grip of the landlord or the Sowkar to assert his rights against the landlord or to enforce the liabilities imposed on the landlord under the Act. The object of the Bill is claimed to be to rectify the Act in this light and to shift on the landlord the onus of proving that the tenant is not entitled to certain rights conferred on him by the Act and to penalise the landlord if he fails to discharge the liabilities imposed on him.

The new measure defines clearly who is a tenant. A tenant is a person who lawfully cultivates any land belonging to another person, if such land is not cultivated personally by the owner and if such a person is not a member of the owner's family or a servant on wages payable in cash or kind but not in crop-share or hired labourer cultivating land under the personal supervision of the owner or any member of the owner's family. Unless the contrary is proved by a landlord within one year of the enforcement of the Bombay Tenancy (Amendment) Act, 1946 that a person is not a tenant, he must pass on as a tenant for obtaining tenancy rights on a land, a tenant must have held such land continuously for a period of not less than six years immediately preceding either the 1st January 1938 or the 1st January 1945; (ii) provides that the maximum rate of rent shall not exceed in case of irrigated land one fourth and in case of other lands one-third of the produce or its value determined in the prescribed manner; (iii) the new section (15A) added in the Bill, states that

after a period of 6 months of the notification of the Government the rents payable wholly or partly as a crop-share in any area are to be commuted into money in the way prescribed After the Government's notification collection of rent as crop-share or in excess of the commuted cash rent is punishable with fine extending to Rs. 1,000; (iv) cutting of grass or wood is included in the term "agriculture."

The Bombay Tenancy and Agricultural Lands Act, 1948, while repealing the Bombay Tenancy Act, as amended in 1946, retains some of its useful provisions, as for example, regarding tenancies, maximum rent, commutation of crop share rent into cash rent, suspensions or remissions of rent, the right of tenants against arbitrary ejectment and special privileges of protected tenants for full benefit of the produce and the wood of trees planted during the period of tenancy, etc., and adequate compensation for improvements made on termination of tenancy. The minimum duration of a lease is fixed as ten years, irrespective of the fact, whether the lessee is a protected tenant or not. Further, the Act is reinforced with some of the following important additions pertaining to the right of tenants to purchase tenancy land and restriction on the extent of land a person (lessor or tenant) can own and cultivate, prohibition of subdivision, subletting and assignment of tenants' holdings, management of badly managed estates held under any non-ryotwari tenurial patterns, imposition of restrictions on transfer of agricultural lands, management of uncultivated lands and acquisition of estates and lands, setting up of an Agricultural Lands Tribunal for valuation of lands concerned under Sections 32 and 64 and to discharge other functions assigned to it, and imposition of penalties by way of fine for contravention of any provisions of the Act.

The statements of the ideals and objectives of the Act, as laid down in the Bill are indeed laudable. But a close scrutiny of the provisions of the Act reveals that the scope of the benefits derived as a result of the working of the Act is very limited, and to a certain extent some of the sections are inadequate and defective as seen from some of the points referred to below[1].

In the first place, tenants are classified as protected tenants and ordinary tenants. It was only such 'protected tenants' who were

1. See my article on "Legislation or Agricultural Re-adjustment?" *Vide* the *Modern Review*, December, 1948.

given redress by the tenancy laws up till now. This Section of the Act not only sharply narrowed the scope of the benefit derived by the tenant community but must have rendered an additional incentive, in the past, to the landlords to change tenants or to change holdings cultivated by different tenants under them more frequently with the result that the state of becoming a 'protected tenant' might have scarcely occurred. The new provision of the Act providing that no lease of farm land should be less than ten years is welcome, as it gives stability of tenure for all tenant cultivators. However, the need for reducing the period of holding tenancy land from six years, or the liberal extension of the rights and privileges conferred on 'protected tenants' to the rest of the community cannot be overemphasised.

Secondly, although Section 32 regarding the right to purchsea land by a protected tenant is conceived, on principle, with the best of intentions, it is niggardly in producing remarkable results when reduced to actualities and to its potentialities. It lays down that a protected tenant shall be entitled to purchase, at any time, from his landlord the land held by him as a protected tenant at a price determined by the Agricultural Lands Tribunal provided that (*a*) the total area of the arable land remaining in the ownership of an individual landlord or any one branch of an undivided Hindu family, after purchase of land or any portion thereof, is not less than 50 acres and (*b*) the total area owned by the tenant after purchase of land is in the aggregate not more than 50 acres including the extent of land already owned by him before the transaction. In other words, the benefit derivable under the Section is limited only to the fraction of the class of protected tenants created by the Bombay Tenancy Act, 1939, and the parties affected are those, either individuals or branches of joint Hindu families, owning more than 50 acres. A study of the distribution of land and composition of holdings in the province (as on 1942-43) reveals the limited scope of the benefit obtainable, It may be noted that about 78.54% of the people own 32.28% of the area, their holdings varying from 1 to 15 acres. In fact, about half the number of holdings are below 5 acres and account for about one-tenth of the total area, while about 1% of holdings constitute more than 100 acres occupying nearly one-sixth of the total area. Holdings varying from 25 to 100 acres account for about 10% of the total holdings and nearly one third of the total area. It is

obvious that the Act affects at the most about 5 or 6% of the total holdings occupying about one fifth of the total extent. Further, the ceiling of 50 acres is quite arbitrary, which has no relation either to the size of the economic holding or to the soil, climate, irrigation, crop structure and other local conditions in different regions of the province. It appears reasonable, therefore, that even as an experimental measure, if the limit is reduced to 20 acres in case of irrigated and first class soils and 30 to 40 acres in respect of moderate and poor soils exclusive of the extent of waste and grazing lands held, it is desirable to classify lands according to their productivity into rich, moderate and poor lands and fix maximum limits in respect of each of these taking also into consideration costs of production, the average money incomes obtainable out of each one of the groups and the cost of maintenance of an average family in reasonable comfort and physical efficiency in the regions concerned.

Thirdly, the new provision with regard to assumption of management of badly administered estates of landholders[1] (or non-ryotwari proprietors) under Section 44 for the benefit of the peasantry and for the economic utilisation of land resources of the estates is mild and conservative as it runs counter to the shibboleth of 'abolition of Zamindaris' and elimination of the vestiges of feudal landlordism which are repeatedly proclaimed to be the essential items of the Congress Economic Programme. Unless a measure for abolition of the estates is brought about in the near future, it is tantamount to giving a fresh legal recognition to the continued existence of the non-ryotwari estates in the Province. It may be incidentally noted that the provision appears to be only a variant of assumption of estates by the Court of Wards as in vogue in Provinces like Madras.

Fourthly, Sections 63 to 66 of the Act, concerning restriction on transfers of agricultural lands, management of uncultivated lands, and acquisition of estates or lands under management are, in principle, a definite step forward in the land policy of the Government. Land transfers to non-agriculturists through sale, mortgage, gift or leases have been prohibited except in genuine cases with the

1. 'Landholder' means a Zamindar, Jagirdar, Soranjamdar, Inamdar, Talukdar, Malik or Akhot or any person not herein before specified who is a holder of land or who is interested in land and whom the Provincial Government has declared on account of the extent and value of the land or his interests therein to be a landholder for purposes of this Act (Ch.) I, Section 9)

previous sanction of the Government authorities. However, the sale, gift, exchange or lease of a dwelling house or the house site or any land appurtenant to it is not prohibited by the Section (63 of the Act) in favour of an agricultural labourer or an artisan. Under Section 64 ' free trade ' in land is disallowed by landlords, for it is laid down that "where a landlord intends to sell any land, he shall apply to the Tribunal for determining its reasonable price." The order of priorities of buyers of land is as follows: the tenant in actual possession of the land, the cultivator of contiguous lands, a Co-operative farming Society registered under the Bombay Co-operative Societies Act, 1925, and any other agriculturist. It is evident that the Section does not apply to owner-cultivators, but it applies only in case of sales of lands effected by landlords or lessors, since the expression ' landlord ' does not include ' owner cultivator ' inasmuch as the word ' landlord ' has to be construed with reference to the definition of ' tenant ' in Section 2 (18). Thus by aiming at regulation of land sales and their prices of landlords, only it leaves out of its purview a large sector of the activity of the owner cultivators in the land market, thus giving scope for disparities in conditions of the regulated and unregulated sectors of land market. Therefore, if the legislation has to reach the bulk of the peasantry, the word ' landlord ' in the Section (64) (1) should be substituted by the word ' landowner ', in which case it would include both lessors and owner-cultivators and make the Section highly commendable. Further, the Provincial Government can take over the management of such lands as have been found uncultivated for any two consecutive agricultural seasons through the default of either the landlord or tenant or any other cause whatsoever after due enquiry and lease out such lands on a rent equal to the amount of its assessment. Similarly, the Government can compulsorily acquire or assume management of any estate or land considered necessary in the public interest. Lands taken over for management can also be permanently acquired, if necessary, after compensating the value of the properties concerned as determined by the Tribunal.

Fifthly, the idea of setting up an impartial Agricultural Lands Tribunal for determination of prices of lands and estates involved under Section 32, 64 and 66 has much to recommend for itself even in the matter of determination of compensation and valuation of estates connected with the problem of the abolition of the estates in order to

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assure justice to the satisfaction of all concerned, avoiding at the same time the economic consequences of powerful vested interests on the bargain negotiated directly between two private individuals, or between the State on the one hand and the private individuals or estates on the other. The case of commitment of high compensation and unfavourable terms regarding the purchase of transport equipment, stock, buildings, etc., by the Bombay Municipality from the B. E. S. T. as well as the three cases of failures of direct negotiations in respect of acquisition of London Transport, British overseas Airways and the British Sugar Corporation may serve as a sufficient warning and a useful lesson in this behalf. The successful results achieved by instituting an impartial Tribunal may be noticed in acquisition of coal royalties in British mines and that of the Bank of England.

As it is difficult for an average ryot to find out amounts adequate enough for purchases of lands in advance and to deposit the sums with the Tribunal, the suggestion of payment by instalments or through the hire purchase system with the help of the Land Mortgage Banks or the proposed Agricultural Credit Corporation deserves full investigation For, unless adequate credit facilities are provided for purchases of lands, the benefit of the new provision will carry little help to the bulk of fhe peasantry.

Lastly, when the Act provides for fixing up a maximum limit with regard to ownership of land as 50 acres both by a landlord (either individuals or branches of joint Hindu families) and a protected tenant under Section 32, equity demands that there should also be a similar provision for fixing up a maximum limit not merely for ownership but also for sizes of areas cultivated under pure tenancy or under a combination of tenancy and ownership, if at all effective distribution or allocation of the agricultural land resources among the agrarian classes is aimed at to allay the land hunger and to ensure land for farming to as many cultivators as possible. In the absence of such a provision it is possible that tenants or owner-cultivators may acquire large areas of land even for *bona fide* cultivation which may give rise to concentration of land of a different form, and it has to be avoided if we want to evolve a system of peasant proprietorship, or more precisely, establishment and growth

of family-sized farms[1]. For example, big tenants cultivating large areas under tenancy, if they cultivate heavy cash crops like tobacco, turmeric, onions, etc., may sell produce worth even Rs. 10,000 a year and thereby reap huge profits for themselves even though they pass off as tenants. The incomes of such persons cannot be easily assessed under the provisions of even Agricultural Income Tax, as they happen to be mere tenants owning very small areas of land. Thus the little material presented above is indicative of the fact that though the Act is no doubt a great advance over many of the Tenancy Laws that obtained in the proprietory areas or in any other Province in India, the provisions fall much short of the declared objects of the Act, since it goes to retain the existence of the non-ryotwari proprietory estatedars at one end, and, at the other, to safeguard the interests of the class of rentiers and big landowners in the ryotwari areas, perhaps within certain limits imposed by the regulations of the Act.

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1. Vide my contribution in the Modern Review, April, 1949.

CHAPTER XI

AGRARIAN REFORMS*

Progress is the essence of civilization. Change and adaptability are the *raison d'etre* of the survival of any organism or institution in a dynamic world. Absence of progress means stagnation which may mean even decay. The past three decades have witnessed great changes in the world. The old social and economic systems and institutions have broken down, while some are tottering under the impact of world forces. Therefore, it is imperative that in agriculture, as elsewhere, a new structure must be adopted for the economic and social stability and progress according to the present-day conditions, needs and standards of modern agriculture. Thus today, introduction of a radical scheme of reforms may mean only avoiding a revolution, economic and social chaos and reconstruction of agriculture for the rapid economic regeneration of the country.

Features of Recent Land Tenure Policies Abroad

Differences do exist among different countries in their land tenure patterns, their standards of living, thinking, degree of prevalence of each of these pertinent questions as well as their agricultural situations and phases of economic development as a whole. And yet, a brief analysis of the main features of the land tenure reforms and agrarian policies of the U.S.A. and the countries of Europe might not be without value for proper appreciation of the issues involved and reforms suggested in this chapter. In a way, such knowledge is necessary for devising ways and means of creating a proper land system which can stand the test of sound economic and social principles conducive to the maximum utilisation of the agricultural resources of the country and to the maximum social advantage. Particularly there have been far-reaching and fundamental changes in the land tenure polices and even in ideologies in recent years in some of the countries of the Southern and Central Europe, let apart the agrarian reforms carried out in the Soviet Union since the

* See my paper on 'Agrarian Reforms in India', published in 'Commerce', Annual Number, Dec 1948.

October Revolution of 1917. Indeed, they all deserve serious consideration and may serve as a sort of general background. A study of the reforms carried out prior to, and during or after, World War II in countries where conditions are similar to those that are prevailing in India is, in fact, indispensable for a proper evaluation of the nature and scope of the Bills that have been recently passed, or in their making, for abolition of land-lordism in various Provinces.

According to the general character of the measures enforced in different countries of the world, they may be grouped under two broad divisions. They are (1) measures which reflect the capitalistic or the conservative way and (2) those that reflect the socialist or the radical way.

(1) *The Conservative Land Legislation*:—Under the first, we may include the measures tried in the U.S.A., the U.K., Germany, France Netherlands, Denmark and the Scandinavian countries. Roughly speaking these countries are largely industrial and agriculture occupies a relatively subordinate role when compared to the activity in other spheres as in industry, trade, transport, etc. The measures introduced in these countries may be characterised by policies of giving relief to tenants and small peasants, extension of cultivation and area development and adjustment of agriculture to industrial requirements or to the emergency needs of the country which have arisen during World War II. They involve, in the main, programmes of consolidation of holdings, schemes of land reclamation and settlement, giving fixity of tenure, provision for compensation for improvements made, fixing of fair rents and, generally, regulation of landlord-tenant relationships. At best they go to encourge establishment and growth of peasant proprietorships, improvement of tenancy conditions and to give protection to tenants from being rack-rented and oppressed by the landlords, safeguarding at the same time the legitimate rights and dues of the landowning and the lessor classes. They have also endeavoured to ameliorate the conditions of weak and petty farmers by expansion of credit facilities, giving subsidies, etc., in order that they might stand on their own.

The F. S. A. or the Farm Security Administration in the U.S.A. was aimed to improve the farm tenancy situation and regulate landlord-tenant relations. However, no protection was accorded for share-croppers. Of great importance is the fact that both the

F. S. A. and the Rural Rehabilitation Administration programme under the Federal Government extend credit facilities at lower costs to those low income farm groups who had formerly little opportunities to obtain effective help. Training in both general education and vocation combined with credit have been given so that the tenant and the energetic labour youth might climb up the 'agricultural ladder' to farm ownership. There has been also a gradual change in the tone of reforms in the U. S. A. under the late President Roosevelt, when the emphasis was shifted from improving conditions of farm tenancy to one of encouraging farm ownership. The traditional American ideal is said to be the owner-operated farms and, in fact, the establishment and growth of family-size farms are the goals of the land tenure programme in U.S.A. The President's Committee on Farm tenancy, 1937, observe that 'while we need to create new opportunities for ownership, we need even more to create conditions which will make continued ownership possible'. To achieve this objective the committee made a number of recommendations. They include, among others, provisions for purchase or leasing for a long period big properties by the State or by the cooperatives from the landowners and disposal of such lands to operating farmers on long-term contracts of subletting or sale; provision of subsistence farms to labourers either on ownership or on lease basis; removal of farmers operating on sub-marginal land to other localities affording better opportunities; organized cooperative help to family farms for procuring technical guidance, costly implements, etc., in order to maximise the output of the farm; and, lastly, a policy of differential taxation in favour of small farmers and allied measures conducive to the growth of owner-operated farms. But it must be borne in mind that U.S.A. is a country of surpluses with vast resources of land, minerals, and a high degree of technological development having a relatively small population, whereas the problems of policy-makers in India are those of huge population with relatively limited resources of agriculture and industry, some untapped, others under-developed or not fully utilised.

England is the land of capitalist farming and the ideal of the English farm tenancy reforms has been to maintain a contented tenantry by reducing the evil effects of rackrenting and uncertainty of tenure. Subdivision and fragmentation was not so serious a problem with England, as in India, for inheritance to property is

according to the law of primogeniture, and only movable property can be shared among all the members in a family. In countries under this group two of the noteworthy features are the measures for consolidation of holdings and schemes for land settlement to increase the size of holding and the extent operated, and to increase the yield from the soil. Under the Land Settlement Act of 1919 in Germany, estates in the areas specified or marshy and waste lands which have not been brought under cultivation by the owners within a given time could be expropriated by the Land Acquisition Associations on payment of compensation. In Denmark, after the World War I, land values rose sharply rendering acquisition of land difficult for the landless tenants and the petty farmers. So a law was enforced in 1921 authorising the Government to acquire Church lands, feudal lands, family estates and trust property in order to lease out the lands to farmers with fixity of tenure at an annual rent rate equal to 4% of the tax value of the land, prohibiting at the same time subletting of land by the farmers.[1]

(2) *The Socialist Land Legislation*:—The countries which have definitely gone the socialist way in land legislation in recent years are the countries of Central Europe and the Soviet Union along with some Baltic States. In these it has been declared that land belongs to those who work it. The building up of a powerful peasant class by eradicating economic inequalities is deemed essential for social and economic stability. To this end steps have been taken for expropriation of large estates with or without compensation and distribution of land among the landless farmers, and raising the size of the cultivated areas through consolidation of dwarf holdings and redistribution of land. The measures taken are somewhat moderate in countries like Bulgaria, Hungary and Finland, (though the latest measures enforced by the Russian-sponsored Governments during and after the Second World War are drastic). They are radical in Poland, Czecho-slovakia, Rumania and Yugoslavia, but the most radical reforms have been enforced in the Baltic States of Estonia, Latvia and Lithuania, while those in Soviet Russia may be described as revolutions rather than reforms in agriculture as the departure from the traditional methods of farming and landholding was very complete.

1. See Agrarian Reforms in Western Countries by the Indian Society of Agricultural Economics, 1946.

The above discussion leaves out of account some of the features specially connected with organization of agriculture[1] in Soviet Russia where great changes have taken place in a very short period following the proletariat revolution of 1917. Much interest is centred not only in the way by which land is held but also how it is cultivated. The Revolution in Russia firstly resulted in the overthrow of landlordism and expropriation of feudal and vested interests of all sorts. 'Land to the peasants' was a prominent slogan throughout the period of the revolution. In the early period after the revolution, the right to possess agricultural land was declared to belong to those who would operate on the farm by their own or by family labour, or on cooperative principles,but the employment of hired labour was prohibited. But in the year 1927, and especially during 1930-31, under the First Five Year Plan a vigorous drive was made for collectivist farming foı socialist reorganization of agriculture as well as for forcing through the economic planning programme. Under the Second Five Year Plan, attention was focussed on technological development of agriculture and on raising output from land. But owing to the unfavourable and even hostile attitude of some of the peasants towards collectivist farming, concessions were made for individual operation and ownership of property such as a house, a garden, a small bit of land and livestock. There are at least three distinct patterns of farms, *viz.*, the collective farms, the State farms and the individual farms. The collective farms or the *Kolkhoz* are again of three different types: the '*toz*", the "*artel*" and the "*commune*." * The implications of collectivist farming or collectivist farming versus

1. Cf. The Russian Peasant and Other Studies by Sir John Maynard, Ch. VIII, pp. 119-131, London, 1943.

* "The *toz* is a type of co-operative cultivation where members co-operate to accomplish a given piece of work as ploughing and harvesting while the rest of the work is done by the individual on his own. The next stage in the development of the *kolkhoz* is the *artel* under which all land resources of the members are pooled together to form a collective property, all work is done in common. The produce is distributed among the members according to the rules of the artel. The third stage of the *kolkhoz* is the *agrarian commune* where agricultural production, distribution as well as consumption of produce are conducted in accordance with the principle of agricultural socialism The whole "commune" forms an economic unit in which profits instead of being distributed among the members, are utilized for the amelioration of the entire community. The formation of such communes is at present abandoned. The *artel* is almost the only form of collective farm now to be found in Russia." *Vide* Agrarian Reforms in Western countries. Opp. cit., Part III, p 93.

cooperative farming, or individual farming* are large issues which cannot be discussed here in further detail.

Basic Principles and Methods Adopted

Without entering into further details, it may be mentioned that there are at least six basic principles discernible in the progressive reforms carried through in the countries referred to: (i) Ownership and cultivation should not be divorced and land must be held by those who till it. (ii) all the intermediaries and feudal interests between the actual tiller and the State are to be done away with. (iii) fixation of maximum and minimum limits to the size of the holdings and compulsory adjustment of those found to be above or below these sizes. (iv) establishment of family farms and encouragement of organised 'co-operatives' in all chief processes of farming (v) extension of cultivation and increase in productivity of land and (vi) generally, levelling up of inequalities in land-ownership and distribution of wealth, and ensuring to the rural community a minimum living in conformity with certain well-conceived social standards.

In order to achieve the above, some of the following methods have been adopted: (a) large estates and landed properties above a certain specified size have been expropriated or compulsorily parcelled out; the limit of maximum allowed, however, relaxed in case of model farms, scientific institutions or in some special circumstances (b) payment of compensation—in full or in part—to dispossessed owners, though no compensation was paid in countries like Czechoslovakia and Yugoslavia for estates owned by alien interests or by those who acted in a way considered anti-national or anti-social during World War II. (c) It may be interesting to note that in Rumania half the compensation amount was borne by the State; and in Hungary, as a result of the weakening of the paying capacity of the beneficiaries due to the Great Depression, the State was finally obliged to scale down the purchase price of the properties involved by a third and reduce the amortisation rate fixed at 4% to 3% in the year 1937 (d) redistribution of landed properties to correct the mal-adjustments arising out of uneconomic and inequitable distribution of land. Some of the landless labourers and tenants are given land. (e) Enlargement of holdings by consolidating under—sized holdings

* See Report of the Co-operative Planning Committee, Bombay, 1946. Ch III, pages 20 to 86.

and by allotment of additional land to the small holders (f) encouragement of acquisition of farm-ownership and establishment of family farms (g) facilitating resumption of leaseholds. State aid has been given to tenants who want to acquire the land they cultivate from the lessors (h) rehabilitate agricultural labourers, ex-servicemen and refugees with agricultural experience but without land by a vigorous drive of land settlement (i) extension of liberal facilities of various kinds by way of credit, loans and subsidies, as well as technical guidance and general advisory service to assist the settlers, the benefited farmers of the expropriated estates, the tenants of the leaseholds desirous of acquiring tenancy land, and the family-sized farm operators either directly by the State or through the Co-operatives concerned and (j) regulation of property rights in land. In Czechoslovakia a landowner could not alienate, lease, mortgage, or divide his land without the permission of the authorities concerned. This law was aimed at preventing transfers of land by proprietors in anticipation of radical laws of expropriation. All holdings with areas of 2 hectares and below (one hectare=2.4 acres) were declared inadmissible by sale or succession in Rumania. In case any landholder acquired more than the specified maximum through inheritance or otherwise, the excess has to be disposed of or parcelled out within a specified period of time. The State reserves the right of taking over any land found neglected or badly cultivated[1].

Goals for a Land Policy

These reforms, though largely carried through peacefully in some countries, were none-the-less revolutionary in character. As a social principle they must be reckoned as a great historical milestone, as they implied and indeed postulated a full social and economic transformation. The trend of these reforms inevitably carried with them equally serious political implications. Thus the issues involved under the reforms are agrarian, economic, social as well as political. In order to achieve these great ends definite goals or objectives for general formulation of land tenure reforms have to be set up. Otherwise, the scheme of reforms may become haphazard and lack direction and integration which are the essence of planned development or effective reform. In other words, before thinking of suitable measures of reform, it is necessary, in the first place, to define clearly

1. *Vide* 'Agrarian Reforms in India'. Opp. cit, *Commerce* Annual Number, 1948, p. 1217.

the real issues and the ultimate objectives which the measures are expected to yield if enforced. The need for setting up goals for agrarian policy was clearly laid down by Mr. J. G. Maddox in his paper on "Land Tenure Research in a National Land Policy" in the following words: "There are always four steps which are consciously or unconsciously taken by the policy maker. First he sets up his ideal or objective. Second, he takes an inventory of the existing situations. Third, he measures or visualises......the difference between the existing situation and his ideal. Fourth, he chooses a course of action......to bring the existing situation to the ideal which he has set".[1]

It is not our purpose here to dilate on a discussion of the objectives of tenure policies or agrarian policies in general in the past at different times and in different countries, but to straightway state the issues and define the objectives relating to the present and the future. Increasing farm 'security' and the 'stability' of rural life appear to be the ideals of the tenure programme set forth by the Report of the President's Committee on Farm Tenancy. But 'security' and 'stability' are not the only things necesssary for a well-rounded and effective improvement and development of land resources and the parties working on land. There are yet others which the Committee has failed to take into account, as for example, carried to its logical extreme, the security concept or the concept of 'fixity' leads to absurd proportions, for an agrestic serf or a slave has not only security of remaining on the land but in addition is also secure of food, shelter, clothing and perhaps a burial too by his master! Yet, the fundamental fact that he has little or no personal liberty, that he has no rights in land and the efficiency of his labour is less than that of a free man is obvious. In fact, this concept of giving security in land has assumed different shapes and nomenclature at different times and places in the land policies in the past. The philosophy behind the English Agricultural Holdings Acts was an extension of the ideal of protection, combined with restriction on freedom of contract. 'Fixity of tenure' and 'fair rents,' the policy of 'conservation', or giving some measure of 'protection and relief' to the disadvantaged classes, or 'adjustment' of agriculture during the period of war have been the objectives of the nineteenth century

1. "Land Tenure Research in a National Land Policy" by J. G. Maddox. vide Journal of Farm Economics, Feb. 1937, p 105.

policies and others till a recent date. These, however, appear to be rather out-dated with the advance of events, changes in the ideologies and the present needs and demands of society. Policies of 'high nutrition' are said to be the object of agricultural policies of the war-ridden countries of Europe and the famine-stricken areas of the world in the post-war period. Those who dread revolutions are even conceding the 'social control' over the ownership and use of land, since private interests have operated too freely in the past for promoting their own interests without any consideration for the social and economic problems pertaining to agriculture. In laying down the objectives, the aspects of available resources and the phase of technical development are to be taken note of. In fact, the human and physical factors and the state of technological development determine in a large measure the economic objectives we propose to set up.

Our Central Problem

The central problem of Indian agriculture, the conditions of which do not widely differ in their nature from those obtained in the Madras Province as analysed in the previous chapters, is the poverty of the large mass of the peasantry including farm-hands. The evil effects of this great poverty are manifold, cumulative and far-reaching, characterised by a great infant mortality, great incidence of diseases associated with under-nutrition and malnutrition and a lower expectation of life as compared to the countries of Europe or America. The question before us is, therefore, how to liquidate poverty and to raise the standard of living of the rural masses. Our objective must be how to organise agriculture and ryot life to yield maximum good to the country as well as to all sections of the community which is the same thing as maximum welfare of the people. In other words, certain social standards are to be conceived and clearly defined and immediately the minima or such standards are to be ensured to all classes of operators on land. All the constructive forces in society have to be integrated and directed to achieve this great end.

Doctrinaire Radicalism vs. Expediency

It is by no means an easy task, as it invariably involves recognition of certain principles and effecting radical and some fundamental changes in the present-day economic and social structure.

'Radicalism' or the method of going to the origin and striking at the very fundamentals or root causes of any problem, no doubt, largely appeals to the mind of every one who considers himself progressive-minded. But, if we are to assume that a radical policy in reforms has to be carried out in a thoroughly peaceful and in a non-violent way through legislative means without resorting to some of the well-known methods of violent revolutions, inevitably the subjective principles of doctrinaire radicalism are to be assimilated having sufficient regard for the objective conditions. At one time certain principles are to be diluted, at others some concessions have to be made from the point of expediency, and, naturally, in such a course, 'moderation' and 'gradualness' may be given a great emphasis. The Socialist programme in England is a case in point. Then, is there a conflict between a radical approach and expediency, or between theory and practice? Certainly, the answer must lie in the negative, for theory and practice are not mutually exclusive. They are one and the same, the obverse and the reverse of the same coin. It fact, true theory flows out of practice and true practice follows theory. If there be any such conflict between ideology and practicalities or between theory and practice, it is perhaps more apparent than real, provided the authority in power has the will and determination to enforce what is found as rationally right. It is unfortunate that in many quarters, 'practicability' has assumed the significance of suggesting such conservative measures as can be introduced easily with least resistance and within the framework of the existing economic and social set-up. If it is found expedient, however, to retrace a step backward, in order to make sure to march three steps forward such a policy indeed may be accepted as sound in the long run. It is in this light the recommendations made in this book may be viewed.

Principles of Reforms

In the first instance the following principles which are more or less embodied in the progressive reforms carried out in some of the countries of Europe in the twentieth century, as laid down in the preceding discussion, may be recognised in clear terms. As long as there is no conflict between the interests of the State and the people, it does not matter in whom the ultimate proprietory right in the land is reposed. Better to declare that State is the supreme owner of all the resources and the use of land belongs to him who tills it. Any,

land or landed property under the possession of private individuals can be taken over for purposes of common good and public utility if such a purpose cannot be effectively met with in other ways. Compensation may be given to the extent considered reasonable, taking into account the merits of individual cases. As an essential social reform the principle of expropriation of big estates which were not settled under the ryotwari system are to be conceded and, similarly, areas held by the ryotwari pattadars above a certain maximum limit (the maximum subject to variation according to the fertility and local conditions) must be compulsorily parcelled out paying suitable rates of compensation. This includes a process of consolidation of drawf holdings and enlargement of small farms and land settlement schemes. Establishment and growth of owner-operated family-size farms are to be encouraged and the principle of cooperation in chief processes of agriculture and even in land cultivation is to be extended in all possible ways on a voluntary basis or through a policy of State aid and/or discrimination in taxation; or, if necessary, through State compulsion. Thus model State farming, co-operative or even collectivist farming, may be experimented. To transform the ryots into competent farmers engaged in effective agricultural production, proper facilities for credit, implements, manures, livestock etc., as well as necessary technical and general education are to be provided. To ensure further, continued ownership of land regulation of mortgage, sales, bequeathal and alienation of land under whatever guise has to be resorted to. In the initial stages of enforcing reforms, all land transfers may be prohibited except with the permission of the Government to ensure the smooth course of reforms so as to check evasions that are possible. Both great fluctuations in agricultural prices and speculation in land are to be eliminated by stabilisation of agricultural prices and through other means of control over currency, marketing, crop planning, area allotments, etc. Schemes of social insurance and rural welfare and housing have to be undertaken and fully developed. The tone of planning of agriculture is to be balanced with the various phases of progressive industrialisation of the country in the ensuing years. These, then, are the general principles according to which reforms are to be carried out. All these presuppose a changed system of administration endowed with full vigour and promptitude in order to secure full co-operation of the people and propelled by the motive force of a new outlook and ideology.

When once the basic principles are accepted, there arises the question of applying them to specific problems or situations. In the light of the above principles, some proposals have been briefly outlined concerning the main issues of our problem, *viz.*, reform of Zamindari and other estates, tenancy situation, agrarian labour, and the question of small owner-operated farms. They are taken up seriatim.

(A) Reform of Estates

The future of the Zamindaries is almost sealed. Their existence is incompatible in the present conditions, political and social. But then, the question arises: how to expedite their liquidation in an orderly manner. Should compensation be paid? If so, why, on what basis, at what rates, and in which form? Should there be any differentiation in payment of compensation as between the bigger estatedars and the petty ones, or between those who have been in possession and enjoyment of incomes from the estates since a long time and those who have acquired the estates recently by purchasing them or otherwise, wherein investment of large sums of money are involved? Should incomes derived from other sources and other kinds of properties held be taken into consideration for determining the rates of compensation? If compensation is to be paid to every one, big and small, from where are the payments to be made? Can the poor peasantry and the urgent needs of national development and social welfare schemes afford payment of large sums as compensation to private individuals immediately or during the course of the next ten or fifteen years? If the estates are to be liquidated, what is to be done with regard to encumbrances of the estatedars? What is to be done about the seri lands (home-farm lands)? If Zamindaries are to be abolished, by what sort of land settlement are they to be replaced—by the ryotwari system, the joint village community system or the cooperative or the State farms? Are the present tenants of the estatedars to be given pattas of the lands they cultivate *in full* or in part immediately, or is the issue of pattas to be subjected to confirmation after a lapse of a short period during which the competence of the persons as good farmers can be tested? *Finally*, what provision is to be made concerning those who are directly dependent on the estatedars or who are employed as servants or in some capacity or other who shall be *naturally thrown out of sustenance* when once the estates are to be done away with? Similarly, what course is

to be adopted in case of institutions or individuals of art, literature or religion who have been wholly or partly supported or rewarded by some of the well-known houses of the Rajahs and Maharajahs since very ancient times? These are the weighty problems which are to be thought of for appropriate solutions in a highly practical and constructive spirit, rather than being led away by one's impulses and the heat and fervour of one's ideologies, if at all things are to take shape in a peaceful and non-violent way.[1]

In fact, an elaborate discussion of these questions easily cover a separate brochure[2]. Therefore only the chief lines of arguments are indicated here. It is not our purpose to examine the legal aspect of the question, *viz.*, the respective rights or claims of each Zamindar and Inamdar for compensation on the strength of proprietory rights possessed by him in the estates, or to treat him simply as a rent-collector resembling somewhat the civil servant found in the ryotwari revenue administration for considering the eligibility for payment of annuities, or a sort of pension. As a point of practicability and partly to pacify the hostile attitude of feudal landlordism, (naturally in alliance with reactionary capitalism), as well as to facilitate the expropriated feudal landlord class to tide over the period of transition and adjust themselves in the new economic and social set up, it is recognised as expedient to pay some compensation. But at the same time, to ensure economic and social justice a principle of discrimination and graduation has to be introduced while paying compensation to Zamindars of different economic standing.

The scheme of abolition of the Zamindaries and Inams is outlined as follows: All estates are to be grouped into four main divisions, namely, the big, the medium, the small and the petty estates, for purposes of compensation. The estates getting annual incomes of Rs. 20,000 and over are to be classed as big estates, while estates getting incomes of Rs. 20,000 and less but over Rs. 10,000 are to be described as medium-type estates. Estates getting yearly Rs. 10,000 and less, but over Rs. 2,000 and those getting Rs. 2,000 and less at present are to be considered as small and petty estates respectively. In the case of owners of petty estates, Zamindaries or

1. See my article on "Abolition of Zamindaris—Chief Implications", Modern Review, Calcutta, March, 1948.

2. These points are fully discussed in my brochure on "Abolition of the Estates" (under completion.)

Inams, no question of compensation or expropriation is to be entertained in the first instance. Their names are to be simply removed from the list of Zamindars and Inamdars, and they may be allowed to exist as ordinary ryotwari landholders paying to Government duly the rates of assessment and taxes on agricultural incomes, if levied. They are to be given the option to revert to cultivation if the lands are not cultivated by themselves, or to be compensated at the maximum rates approved. If they choose to cultivate their lands, they can do so in a period of three years, failing which they are to be compulsorily expropriated by compensation taking into account the benefits derived by them during the interim period in addition to payment of a penalty adequate to discourage wilfully resorting to such evasive and delaying tactics on the part of any selfish estatedars. In this way, the matter of most of the petty Inamdars and Zamindars can be easily squared up.

The Inams Act or the Madras Estates Land Amendment Act II, 1936 provides for the expropriation of Inamdars if they are found not possessing both the rights of *Kudivaram* and Melvaram (the rights of collecting revenue and cultivation of land) with one year's rental as compensation[1]. Thus the minimum rate of compensation may be taken as one year's rental value and the maximum as fifteen years' rental, which is at any rate not unjust. The following rates of compensation are suggested according to income groups. In appraising rental values, the average of the last fifteen years' value of rents minus the corresponding costs of collection of rents (1931 to 1945) may be taken as equivalent to the value of one year's rental.

Classification of Estates According to Incomes *	Rate of Compensation or a Maximum (whichever is less)	
1. Estates getting annual incomes over Rs. 2,000 but less than Rs. 5,000.	15 years' rental value	Rs. 35,000
2. Estates getting over Rs. 5,000 but less than Rs. 10,000.	13 " " "	Rs. 50,000
3. Estates getting over Rs. 10,000 but less than Rs. 20,000.	10 " " "	Rs. 75,000
4. Estates getting over Rs. 20,000 but less than Rs 50,000.	6 " " "	Rs. 1 lakh
5. Estates getting over Rs. 50,000 but less than Rs. 1,00,000.	4 " " "	"
6. Estates getting over Rs. 1,00,000 but less than Rs. 10,00,000	2 " " "	Rs. 2 lakhs
7. Estates getting over Rs. 10,00,000	1 " " "	"

1. Cf. also provisions and procedure for compensation to Inamdars when their lands are acquired under the Land Acquisition Act. vide B.S.O. No. 90.

*Here, by income is meant the aggregate net incomes of all estates or estate owned, exclusive of incomes derived from home farms of the estatedar, his wife and family members.

Compensation with regard to acquisition of the rights in mines, quarries, fisheries, forests, etc., belonging to the Zamindars is to be paid at the same rates as the estates are compensated irrespective of the value of incomes to each of the Zamindars. Similar must be the rates of compensation of seri lands. These later provisions which largely apply to the bigger Zamindars may to some extent go to make them stand in good stead in spite of the low rates recommended for expropriation of their agricultural lands. No compensation is to be paid for waste lands. The farming equipment and other operating capital must also be sold by the Zamindars at the rates fixed by the Government. The expropriated landlords, if they choose, may be allowed to own an acreage out of their seri lands, the assessment on which under the ryotwari settlement should not exceed Rs. 250, provided that they could do owner-farming in a period not less than three years. This last concession can ensure the affected estatedars to lead a life in comfort if they only want to turn a new leaf and become useful members of society. If any of the estatedars are found deriving considerable incomes from other sources of investment as in industry, business, profession or properties, a deduction of $\frac{1}{4}$ to $\frac{1}{2}$ value of such yearly incomes in case of small estates (getting incomes from land less than Rs. 10,000 yearly), and over $\frac{1}{2}$ and upto 1 and 1 to 2 in case of large and medium type estates, may be made on grounds of economic justice from the aggregate sums payable to them. A similar deduction of $\frac{1}{4}$ to $\frac{1}{2}$ value of one year's rental in case of estates which were under the possession of the descendants of the same family for more than a generation but less than two generations, and again over $\frac{1}{2}$ upto 1 in case of estates held by the descendants of the same family for more than two generations may be made at the discretion of the Land Reforms authorities if they find the sums finally payable to the estatedars as compensation were relatively considerable.

When the question of compensation is settled, non-transferable but heritable 'Estate Compensation Bonds' bearing $2\frac{1}{2}\%$ rate of interest* are to be specially issued to the landlords. The payments may be spread over a period of 40 years so that the size of the instalments may be as small as possible and the burden of payment may be evenly spread over the present and the next generation.

* This rate is subjected to reduction if the rate of interest on Government securities is further reduced by the Reserve Bank of India.

In certain genuine cases part payments in cash or advances against bonds may be made, but in no case the amount paid in a single year should exceed 1/10 of the total amount and in course of the first five years not more than 1/3 of the total amount. The encumbrances of the estatedars are to be taken over by the Government if it is desired by either party, and paid out of the amounts of compensation. If it is so deemed necessary, debts may be scaled down to an extent as the circumstances demand to bestow a fresh lease of life to the estatedar by liquidating all encumbrances, by taking over their estates and by providing for their rehabilitation. In the case of estates belonging to temples, religious or educational institutions, etc., it behoves well if Government takes over the lands without any consideration of compensation and leases out the lands on good lease terms. Annuities may be made towards proper maintenance of the temples or institutions concerned.

For distribution of the lands so acquired it may be notified that all the present tenants of the estatedars and those who have been ejected but who cultivated land continuously for a period of three years and more during the last ten years in the first instance, (if necessary during the last fifteen years) may be asked to inform the nearest Taluka office and register their claims as tenants if they wish to acquire lands for cultivation by paying the necessary money. They may be given tentatively occupancy rights subject to full confirmation of their possession of land after five years of efficient farming. Occupiers of uneconomic holdings must be given the first priority to enlarge their holdings upto the size of family size farms. The second priority should go to those among the registered tenants who are at present landless. Thirdly, some of the menial servants formerly working in the Janana or eking out their livelihood in some humble capacity or other in the estate, or some of the helpless dependents of the expropriated landlords may be given a chance to try their fortune on land if they so desire. Anyway, inefficient farming cannot be tolerated on account of pity or tenderness for such persons concerned, for if a person cannot be a useful member of society in the production of wealth, he equally forfeits his claim as a mere consumer of wealth. Next, the claims of the holders of uneconomic holdings and landless labour and peasantry outside the registered tenants but belonging to the estates concerned

as residents may be called for and met with. Over and above, if land is left, the small tenants may be allowed to expand their holdings to the medium size family farms in the same order. If estates are to be surveyed and settled, the proportionate cost as well as the proportionate cost of working out of these changes by the Land Acquisition and Distribution Officers set up are to be borne partly or wholly by the beneficiaries. The ryots may be required to pay as a first instalment at least a sum equal to one-third of the amount payable on land proposed to be acquired, though in certain deserving and genuine cases the minimum may be relaxed to one-fourth the amount. But in the course of the first five years the full amount is to be paid, in no case it must be less than three-fourths the total sum, and occupancy of land should be fully confirmed only after payment of the full value of the amounts payable. This no doubt stands on the way of many poor and landless peasantry from acquiring land, but it cannot be helped under existing conditions, if reasonable administrative efficiency to carry the scheme through is to be maintained.

Progress of Agrarian Reforms in India*

(i) *Present Position*:—The Congress Party, according to its Election Manifesto, stands for abolition of all the intermediaries between the State and the actual cultivator on payment of equitable compensation, growth of peasant proprietorship and encouragement of some kind of co-operative farming suited to Indian conditions. Let us briefly analyse how far these declarations have been implemented and to what extent they are reflected in the provinces in the abolition of Zamindaris. Till now Bills have been passed to this effect only in two provinces, namely, Bihar and Madras, and they await the consent of the Governor-General.[1]

* Vide my paper on "Agrarian Reforms in India", opp. cit.

1. When the matter was in the Press, it is learnt that the Governor-General gave his assent to the Madras Bill, early in April 1949, while the Bihar Bill which was passed earlier by both the Houses of the Legislature has been referred back by the Governor-General for a second time suggesting a number of modifications with regard to compensation and acquisition of interests of certain classes in mines and minerals There has arisen some misunderstanding in certain quarters that "there has been some kind of discrimination in the handling by the Governor-General of the Zamindari Abolition Bills of Bihar and Madras" which provoked an explanation from the Government House in a recent Press Note to clear the position.

In the U. P., the matter has reached an advanced stage, and according to press reports, the subject appears to have been under consideration of the Provincial Ministries in West Bengal, Assam and the C. P. and Berar, while little is heard from the rest of India including the States. In Bombay, with the introduction of the Bombay Tenancy Amendment Act, 1948, the question of abolition of non-ryotwari tenures like *talukdari*, *the khoti*, *bhagdari*, *narvadari*, etc., appears to be postponed for the time being, till the results of the Tenancy legislation, as amended in its latest form are ascertained, although it is stated by the Revenue Minister that the matter has not been altogether dropped by the Ministry and a comprehensive piece of legislation would be introduced in due course. Thus, it is apparent that the progress made in implementing the scheme of agrarian reforms has been very meagre, the causes of delay being attributed to practical difficulties involved, such as the question of compensation, inadequate data available, etc.

(ii) *Chief Objects*.—The chief objects underlying the Bills that are passed, or are under preparation, are more or less the same, *viz.*, the repeal of the Permanent Settlement, wherever it exists, and the acquisition of the interests of the Zamindars, Inamdars and other under-tenure and proprietory estate-holders or institutions in various provinces on payment of fair and equitable compensation and introduction of ryotwari settlement in all such areas. The estates thus transferred include all communal lands, forests, mines, minerals, etc. Nevertheless, as in the original Bihar State Acquisition of Zamindaris Bill, 1947, the estatedars shall retain lands of certain categories as *ryotwari ryots*, e.g., all homesteads, *khas* lands or lands used for agricultural or horticultural purposes, and some types of privileged or private lands of *estatedars*.

In fact, the Madras measures comprise two parts. To start with, the Rent Reduction Act is directed at the reduction of the high level of rents in the estates to the assessment rates prevailing in similar neighbouring *ryotwari* areas. The second, known as the Madras Estates Abolition Bill, 1947, seeks to abolish all the proprietory estates in the Province. However, the *inams*, under the Estates Land Amending Act, (Inams Act), XVIII of 1936, are excluded from the scope of the Bill at a later stage, as it is considered that they must be dealt with separately, since the *inams* differ widely from the *Zamindaris*, both in nature and extent.

(iii) *Question of Compensation*:—With regard to the question of compensation, the basis of compensation is one-third the 'reduced rent'; or in other words, one-third of the (converted) *ryotwari* assessment is taken as "the basic annual sum", whereas, in the original Bihar and Assam Bills, the basis is the 'net annual income'. The various income groups are divided into a number of slabs according to the sizes of income. In Bihar the number of slabs are twelve, varying from incomes of Rs. 500 and below to over Rs. 1,00,000, while in Madras the slabs are only six, extending from incomes of less than Rs. 1,000 to over Rs. 1,00,000. The minima and maxima of the rates of compensation are 3 to 20 times 'the net income' and 12½ to 30 times 'the annual sum' respectively, implying the principle of differentiation in rates of payment, higher rates being allowed for estatedars of lower brackets and lower rates for those of higher brackets. Since there are as many as nine slabs for incomes below Rs. 20,000 in the Bihar Bill, in the face of only three in the Madras Bill, the former may be said to be more detailed in classification of income groups for payment of differential rates. The rates of compensation in the former for groups over Rs. 10,000 are 8, 6, 4 and 3 times the 'net income', while the latter propose to pay 20, 17½, 15 and 12½ times the 'annual sum' to the same income groups of landholders of over Rs. 10,000. In other words, whereas the Bihar Bill begins with the rate of 20 times for the minimum income groups of less than Rs. 500, the Madras Government proposes to pay the same rate of 20 times to income groups of even Rs. 10,000 and Rs. 20,000 (it does not matter even if the slab is actually Rs. 3,000 to Rs 20,000). Even though ceilings are fixed for sums payable in each bracket in Madras, viewed as a whole, it is obvious that the Bihar Government has given a progressive bias in devising the rates of compensation in their original Bill, especially in fixing drastically low rates to the bigger Zamindars with incomes of Rs. 10,000 and upwards. It may be pointed out in this connection that the Madras Bill is more liberal to the small-holders, for it pays 30 times, while the Bihar Bill proposes paying only 20 times. More closely seeing, the truth of the matter is that the Madras Government is even more generous in the rates of their compensation to the bigger landholders as well, although everything at the expense of the community.

(*iv*) *Financial Implications*:—As for financial implications, the Central Government has made it plain that they will not assist the

Provincial Governments for these schemes and they have to fall back largely on their own means and resources. The total amounts to be paid as compensation are estimated at about Rs. 150 crores in Bihar spread over 40 equal instalments. The annual land revenue is about Rs. 16 crores, and it is estimated that, on account of Zamindari abolition, there will also be a loss of about Rs. 3.39 crores under various heads, such as loss of *peshkash*, local cess, court and stamp duties, etc. Out of the Rs. 16 crores income they have to incur expenditures of Rs. 1.5 crores on the cost of the new machinery for abolition, Rs. 2 crores on various irrigation works, and Rs. 1.6 crores involved by way of uncertain dues from the estatedars. On the balance, the Government expect to make a surplus of about Rs. 3 crores annually. As compared to Bihar, the total compensation amount in Madras is very small and estimated at Rs. 12 crores on approximately 128 lakhs of acres, and it is expected that the measure would add at least Rs. 56 lakhs yearly to the Provincial revenues. The payments will be made partly in cash and partly in bonds bearing 2½% interest, although no decision has been finally reached on the exact nature of these bonds—whether they should be made negotiable or non-negotiable and inheritable. In the Madras legislation, provision is made for making interim payments from the annual sums, after deduction of administration charges, etc., and it is unfortunate that such payments cannot be deducted from the total sums to be paid as compensation in the long run.

(*v*) *Lack of Definite Plan* :—No definite plans appear to be ready for enforcement after abolition. Perhaps, the Report of the Agrarian Reforms Committee is awaited in this behalf. Clear cut plans with regard to procedure and allotment of lands, as well as the administrative machinery to carry out the scheme, must be carefully devised in advance and wide publicity given. After completing the survey and settlement operations, a list of the estates has to be published at the beginning of every year or half year for purposes of allotment. Land Reform Aid committees composed of social workers, local officials and representatives of landless labour, occupants of dwarf and small holdings, etc., are to be formed in each taluka and district to furnish information and to aid in the work of the Land Reform Administration generally. Following strictly the rule of confirming *pattas* to the present occupants without taking all other factors into consideration is irrational. In the process of redistribution of land,

consolidation of under-sized holdings, if necessary through compulsory exchange of plots, has to be seriously taken up. It may also be seen that no occupant can acquire more land than the maxima fixed for different regions according to productivity and other local conditions. A record of all the new beneficiaries should be maintained to avoid legal complications later on. No beneficiary should be allowed to obtain an extent of land more than he can cultivate.* House sites may also be alloted near the farms. A committee of representatives of estatedars, inamdars, the prospective beneficiaries as well as a few agricultural economists and technical experts, presided over by a High Court Judge, may be set up in each province to hear complaints made against some of the injustices or irregularities that may be found in the actual enforcement of the scheme, as also to advise the Ministry, from time to time, on the various issues that may crop up during the period of abolition, say in three to five years. In order to consolidate the benefits of the land reforms and to raise productivity of agriculture, certain measures are to be considered as an essential part in the scheme of reforms. Thus credit facilities, supply of operating equipment and general advisory service have to be liberally provided by the establishment of separate Agricultural Corporations or through cooperative agencies.

(*vi*) *A Lesson from Rumania* :—Unless some of the considerations laid down in the above analysis are taken note of, the fate of the peasantry in India may be much worse than before the abolition. For example, the British Survey Handbook on Rumania sums up the position consequent upon the Reforms of 1917 before World War II as follows: "The big landowners, who were compensated for their losses by State bonds, controlled the banks which granted agricultural loans at high rates of interest. They obtained interest on the State bonds they held. And all this had to be paid for by the peasant. The peasant, now nominal owner of a small strip of land insufficient for the upkeep of his family, was burdened with payment of taxes, dues, and interest on his mortgaged property. He was, in fact, even worse off than if he had possessed no land at all." This should serve

* Note :—A maximum must also be fixed, as suggested earlier, for the size of private lands held by estatedars after abolition. Otherwise, huge tracts of land will be retained by Zamindars even after abolition under this head. Instances are reported that in Madras one Zamindar owns not less than 8,000 acres of wet land and in Bihar even extending to 40,000 acres in some cases.

as a sufficient warning against commitment of high compensation amounts in the Bills that are yet to be finalised in some other provinces.

B. On Tenancy Situation

The question of farm tenancy may be approached from two angles. Firstly an attempt may be made to mitigate the evil effects of tenancy by effecting some necessary changes which may go to protect the tenantry but not in any way detrimental to the interests of the rentiers. It contemplates giving fixity of tenure, fixing fair rents and generally regulating landlord-tenant relations. At best, such measures aim at establishing the so-called contented tenantry in ideal tenancy conditions, as for instance in England. But closely seeing, it is obvious such measures are only superficial as they try to combat the evils of tenancy rather than attacking the fundamental causes responsible for the growth of tenancy. Hence greater emphasis is to be laid, from long term view-point, on the latter aspect, *viz.*, doing away with the practice of renting farms, than on the first. Mere curative and protective remedies will not go a long way unless more constructive and positive measures are thought of But, at the same time, the significance of the former should not be under-estimated inasmuch as it provides temporary relief as a curative remedy and on the spot.

To prevent the growth of tenancy amounts to eliminating the chief causes which lead to or enhance tenancy. The chief causes of farm-leasing pertinent to our analysis are owning too large or too small areas of land, distribution of farms in different parts in a village or in different villages, near or distant, rural unemployment, and so on. In fact, many of these are interdependent and inter-related. To start with, those *ryotwari* pattadars who pay an assessment of over Rs. 250 per year may be declared liable for compulsory parcellation of their lands which are found in excess of Rs. 250 assessment limit.* If it is assumed that at least 6 times (if not 10 times) the assessment paid represents the total income accruing to the landholder, it is

* *Note*: The basis of assessment is not always a safe guide concerning productivity of land, incomes derived and the economic status of a ryot generally. For instance, it is reported that in Pathanaiken Palayam of Attur taluk, one Pichamathu Naiker has leased his arecanut topes in an area of 6.67 acres for Rs. 5000; but he pays only Rs. 72 as kist or land revenue. Vide letter from the Special Officer, Agricultural Income Tax, Salem, dated 19-4-45, regarding compilation of list of potential assessees.

obvious that lands of those pattadars getting incomes of at least over Rs. 1,500 to Rs. 2,000 per year are liable to be expropriated. Similarly, lands held by non-residential pattadars are to be expropriated with suitable compensation. In no case, location of residence and the farm should exceed a distance of three miles. Those lands are to be distributed among residential pattadars of uneconomic holdings, landless tenants, etc. Preference may be shown to those who wish to consolidate their holdings. The compensation to be paid may be fixed as 12 or 15 years' rental (average value of rental to be arrived at out of rental values during the last fifteen years from 1931-45); for to make payments at the market value of land at present is difficult as existing land values are very exorbitant. Among equally deserving claimants, if the affected landlord prefers to dispose of land to one of his relatives, friends, etc., such feelings may be duly considered and respected as far as possible consistent with the spirit of the proposed reform. In this way, many of the poor ryots and tenants may be able to acquire lands, although their number may not be very considerable when compared with the aggregate number of persons depending on land.

The principle of prohibiting ownership of land merely for renting is to be recognised forthwith; for the pioneer ryot is not going to be a tenant, as the tendency appears more towards ownership than to cultivate land on tenancy. But as an interim measure for giving relief to tenants, a tenancy reform on the lines of the Bombay Tenancy Act may be enforced with the following modifications. In the first place, the cultivating tenants and those tenants who cultivated the lands of the regular rentiers continually for three years and more during the last ten or fifteen years are to register themselves as tenants under the provisions of the proposed act. Tenants who own small bits of land which are not adequate to provide them with full bread and employment or those small ryots owning farms adjacent to the lands to be leased out or co-operative farming societies may be given first preference from among registered tenants, choosing them chronologically backwards beginning with the present tenants, next most latest tenants and, so on. Later on, the cases of small ryots, landless tenants or labourers and medium sized ryots are to be considered in order, as in the case of Zamindars. It is important to see also that under the provisions large areas of land may not be concentrated even in the hands of the so-called tenants under tenancy. For

if no restriction is placed on the extent of tenancy of land, a tenant ryot may cultivate large areas along with or without his own holdings and may obtain incomes much larger than many of the rentiers. For example, big tenants cultivating large areas on lease, if they raise heavy cash crops like tobacco, sugarcane, turmeric, onions, etc., may sell produce worth not less than Rs. 10,000 a year and thereby reap large incomes for themselves. The incomes of such persons cannot be easily assessed under the provisions of Agricultural Income Tax, as they happen to be tenants only owning very small areas of land. Such an important point as this does not appear to have been taken into account by any of the previous tenancy legislation including the Bombay Tenancy Act. The fair rents are to be appraised and fixed on the basis of net produce instead of gross produce in the manner discussed in Chapter VIII, having regard to guranteeing a remuneration equal to the total number of working days put by the tenant and his family members before arriving at the net produce. If crop-rents or crop-sharing system are to be abolished in favour of cash rents after one year of the enforcement of legislation, the measure may benefit the tenants in view of the existing high prices of agricultural produce. However, it is recommended that crop-sharing system (Palu) may be prohibited in all its forms and fixed rents in kind or money, whichever would be convenient and to the advantage of the tenant, may be paid. Such conversions from fixed rents in kind to fixed rents in cash or *vice versa* are to be made only at the commencement of each agricultural year on mutual consent or on application to the nearest Rent Fixing Officer.

C. Agricultural Labour

The question of agricultural labour is a knotty one. Though it is not entirely different, yet the solution for it should not be mixed up with the solution of the peasant and land tenure problems. It is to be admitted that even when the Zamindaries and lands of big ryotwari landlords are expropriated, the land so acquired is too meagre to provide every ryot, tenant and labourer with a piece of land. In fact, land is not the only source to provide sustenance to all and in the last analysis, the primary requisite for getting one's bread is full employment. There is heavy demographic pressure on land which is to be diverted to other sources of employment as industry, mining, trade and commerce. The discovery of atom bomb, the congestion in big cities and even the

modern trends in many leading industrial countries of the world clearly favour a policy of decentralisation of industries. Therefore, it is suggested, barring the heavy and key industries, many other factories of a light and auxiliary nature are to be built up in the countryside instead of in the congested cities to have a more balanced growth of the country and the urban side. Factories may provide subsidiary employment to the agriculturists and to many labourers. Schemes of reclamation of land and land settlements or colonization schemes * may relieve the situation partly. The problem with agricultural labour is distribution of work all along the year in such a way that both periods of inactivity and rush are curtailed as much as possible. In fact fixing up minimum wages will have only little value if there is no security of continuous employment. Introduction of new crops requiring more individual labour, as market gardening, cultivation of heavy crops, animal husbandry, poultry farming and other cottage industries may also absorb the unemployed labour. Production of vegetables, animal proteins and fruits will have far-reaching beneficial effects on the health and general welfare of the rural people at the same time reducing the dangers inherent in one-crop farming, or farming of millets of poor nutritive value.

The conditions of farm labour have not attracted sufficient attention of the Governments till very recently. Hardly any legislation exists in India which has secured to agricultural labourers some of those advantages which the industrial workers already enjoy in some degree as a result of labour legislation.[1] It is true that any substantial progress in the conditions of rural workers depends ultimately on the condition and progress of agriculture itself. There are, further, some special peculiarities attributed to conditions of agricultural labour market, as lack of organization on the part of both employers and employees, the institutional relations of

* The chief aspects of the problem are brought out in my article on "Land Colonisation." Vide the Silver Jubilee Memorial Volume of the School of Economics and Sociology (vol. on papers in Economics), 1947.

1. When the writer saw the Director of Labour in April 1946 in his first tour in Madras, he was told by the Director of Labour, Madras, that some time ago a proposal for fixing up minimum wages of agricultural labour was discussed by the Government, though it was shelved later on. It is curious to note that practically no information is available on Agrarian Labour in the office of the Director of Labour. Now, an enquiry into the conditions of Agricultural labour is started by the Central Government, though no progress is made except in one or two provinces so far.

mutual dependence existing between farmers and farm-hands, the relation of industrial employment and wages to agricultural employment and wages, the poverty and ignorance and the existence of socially unassimilated groups of farm workers, etc., which make any piece of agricultural labour legislation difficult. In countries where social legislation has been applied to the field of agricultural labour, some social standards are set up by, firstly, fixing up minimum wages, regulation of wage contracts, working conditions and providing against such risks as accidents and unemployment; and, secondly, by increasing facilities of social welfare activities as services of health and housing, education, the use of leisure and provision for invalidity and old age But still, wide disparity exists between standards of living of industrial and farm workers.

In the province, a humble beginning in this direction would be fixing of minimum wages by regional committees constituted by representatives of employers and employees, according to agricultural conditions of each region and according to nature of seasons. The differentiation in wage payments for men and women for the same kind of work should be abolished. So also, agrestic serfdom in whichever form. The indebtedness of a farm servant should not be a bar for the free mobility of the labourer if he can obtain better service or better master. Any labourer or farm servant has no obligation to do 'night duty' over and above his labour during day time except at his own consent on certain busy occasions. In such cases, the employer has a duty to remunerate the labourer additionally and adequately for such work in some form or other. The total period of working must not exceed 8 hours a day. In the case of a permanent farm servant, he is entitled to enjoy leave of half a day every week, full days on all festivals according to local custom, and fifteen days leave with pay in a year. The wage contracts are to be written every year. The employer has to reckon that labourers have an inherent right to organise themselves as class, or as a body, to enhance their own interests by collective bargaining. Corporal punishment of a farm worker is to be prohibited.

D. Organization of Agriculture

The one outstanding feature of the foregone reforms is establishment and encouragement of the growth of family-sized small farms.

But a pertinent question arises whether farming on such small units and operation of such individual small farmers are really conducive to good farming. Experience in many countries has shown that large scale farming is not *per se* superior to farming on small holdings. But the economies of collective bargaining and operation cannot *a priori* be brushed aside. Large-scale farming in some form or other still catches the imagination of the people in many countries: in the Soviet Union the emphasis is on collective farming in Turkey it is on the State initiative, in Sudan on company management, and in Palestine in mutual aid and co-operation. Cooperative action must be encouraged in all chief agricultural operations, as purchase of agriculturists' requirements, credit and marketing of produce, etc. Though the great bulk of agricultural production may not be carried on factory farms, yet it may be conceded that large units will operate successfully in certain areas. Collective action in actual farming and holding of land also needs further research and experiments. In some of the colonies newly settled for rehabilitation of ex-servicemen and landless labour, collective farming of all the three types may be tried. Large-scale farming may also be tried in some of the areas in the cotton tracts of Bellary district. Where the village solidarity is not rudely broken due to internal strifes, mutual jealousies and hatred and local politics, joint village farming may be experimented, wherein different landowners in a village pool all their resources and carry on joint farming dividing the residue according to units of land and labour contributed after deducting all expenses of cultivation and making suitable provision for manures, etc. The village of Totavada in Palkonda taluka (Vizagapatam district) may be suggested in this connection to try the experiment. Joint cultivation of this kind on lanka lands (river beds), and lands irrigated under a tank or big well may be found easy in the light of the experience gathered by the writer in his tours. In this way, both the individual and collective success of the small farmers may be ensured. In a hoary country like India, where the size of holdings and the *per capita* land are very small, there is an imperative need for intensive cultivation. For only then could the cultivator augment the yield from his holdings with reasonable prospects of maintaining himself and his family.

The economic betterment, as a consequence of the above outlined reforms, will quite change the entire village life and rural psychology. Nevertheless, agriculture and land tenures are not the only things that constitute peasant and rural life. The great interests of the kisans and the farmhands are human interests, and good crops, good wages and good farm lands may be of little value to them unless they also open the vista to a better kind of life on the farms. We talk of the loneliness and lack of mental companionship in the countryside against which the spirit of the more active and ambitious young men and women revolt and try to escape by flying from the farms to towns and cities. Therefore efforts are to be made to lessen the isolation of farm life by making peasant life brighter and more attractive and fuller of opportunities, pleasures and rewards for the kisan men, women and children.

To conclude, the problem of such a magnitude cannot be solved overnight by any one limited approach. The reforms suggested are no doubt mild, still they are a step in the right direction, for they indicate only the first phase of that great transformation which requires necessarily many such programmes for its effective consummation. In fact, the problems relating to land system in the province are only an integral part—only a part—of the whole of our economic problem (in agricultural, industrial and commercial sectors) which is at once also our political and social problem. The existing conditions of land system are the accumulated result of generations of unthinking exploitation and mal-administration of our resources, both land and the people of the land. It is possible to carry out the above indicated reforms peacefully and through legislative action. Resistance and opposition are bound to be faced by any well-meaning reform, and it is difficult to provide a measure which will satisfy all parties, particularly the powerful 'vested interests' of the province. It is valuable if a uniform policy and co-ordinate action with regard to these reforms are formulated and adopted in all provinces. Strong efforts are to be directed with such resources of manpower, money and experience as are available and through such tactful methods as will call forth the co-operative effort of

the people, the State and public organizations.* India is a land of ryots; whatever will brighten the kisan's life by making it richer and happier should be done by any popular Government promptly, thoroughly and with joy. To-day, basic issues are staring us in the face demanding rational solutions and their speedy implementation. If we try to avoid or meet them half-heartedly or shirk to take up responsibility for acting boldly and earnestly, they may only add to the complications already existing. When great *changes* are imminent in the country only quick and the right type of action taken simultaneously and in all possible directions is befitting. The sooner the old way of 'one thing at a time and slowly but surely', is abandoned the better for all concerned.

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* These ideas may be excellent and the measures of reforms too may be excellent in theory; but the whole question of success or failure of the scheme of reforms, especially where many millions of persons of varying capacity, character, views and economic status are concerned, may really depend on the way in which the movement is initiated and developed as well as on the character of the personnel entrusted to carry on the reforms. Above all, the role of "human element" is most important for the working out of the scheme.

GLOSSARY

Agrahāram :	Inam village held by Brahmins.
Āsara-Bil-Makta :	A variant of fixed-rents system in kind.
Anchana System :	A variant of share tenancy where rents are determined by crop appraisement.
Ādivāsis :	Literally means the original inhabitants, usually applied to backward hill and forest tribes.
Agency tract :	Area largely covered by hills and forests and administered by a separate department under the Agent.
Batai :	Share tenancy.
Bāja :	A drum.
Bakshis :	A reward or small present in kind or in money or in both ; a tip.
Cist :	Cash rent.
Cropwār rents :	Rents whose rates are assessed according to crops raised.
Chalgenidar :	A tenant-at-will under a Wargadar or Mulgenidar in South Kanara.
Chaddar :	A cotton blanket.
Duppati :	A cotton blanket.
Dālwa :	Second crop paddy.
Ēksāl :	Yearly.
Garsi or Garsa :	30 putties.
Gutta :	Fixed rents in kind or piece wage system.
Izaradār :	A tenant who takes on lease public lands at rates settled in an auction.
Jenmi :	Broadly a landlord of Malabar.
Jodi :	Quit rent.
Koulu or Kuthagai =	Fixed rents in kind.
Kōru :	Produce-sharing.
Kuppa :	Heap.
Kuppa Nūrpudu :	Process of thrashing grain and separating grain from straw.
Kallam :	A thrashing-floor.

Kankar:	A kind of red gravel.
Kanamdār:	An occupancy tenant under a Jenmi.
Kōya:	A person belonging to one sect of hill tribes of Andhra.
Kudivaram:	Right of collecting revenue (or rent).
Kāta basta:	A standard bag of 166 lbs. in weight.
Kuncham:	One Madras measure.
Karnam:	Kulkarni or village accountant.
Kist:	Government land revenue demand.
Lanka:	Island or land in riverbeds.
Melavaram:	Right of cultivating land.
Makta:	Fixed rents in kind usually in grain.
Mamool:	A customary present or service or help (anything customary).
Mālik:	A master or employer.
Mulgenidar:	An occupancy tenant under Wargadar in South Kanara.
Moppilla:	A sect of Muslims belonging to Malabar.
Nāga:	A deduction made in wages for the number of days absented of a labourer or employee.
Pālu:	Produce-sharing.
Peshkash:	Amount payable to the Government by the estatedars.
Pāleru:	A permanent farm servant.
Pālikāpu:	A chief permanent farm servant.
Pasuvula Kāpari:	A cattle boy.
Putty:	20 Kunchams.
Regur or Regadi:	Black loam.
Sangōru:	Equal division in all sorts of produce raised.
Sir land:	Home farm or private land.
Tella Dhānyam:	Long term white paddy.
Vatanu:	Customary.
Verumpattamdar:	A tenant at-will under a Jenmi or Kānamdar in Malabar.
Wargadār:	Broadly a landlord of South Kanara.

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